



Gaining Perspective on Alternative Investments

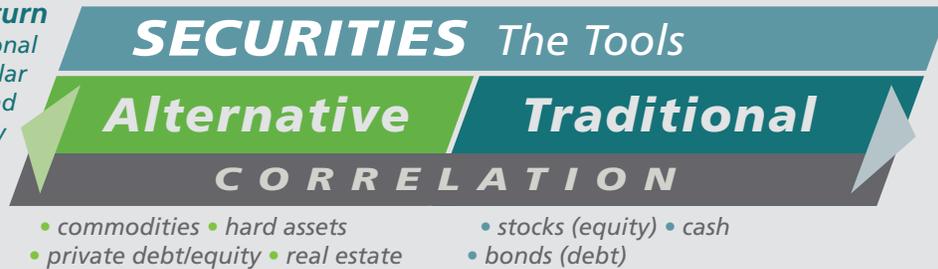
Defining the Alternative Investment Landscape

Many investors are adding alternative investments to their portfolios, embracing new investment options that offer unique characteristics that can potentially enhance returns or mitigate volatility.

So, what is an alternative investment and how do investors decide whether it aligns with their unique objectives? One way is to focus on three attributes common to all investment products: the *securities* held in the product, the *strategy* the manager pursues and the *structure* in which the investment is offered. Each of these investment attributes can be classified on a scale ranging from 'traditional' to 'alternative.'

What Defines an Investment?

Risk vs. Return
Alternative and traditional securities have dissimilar risk-and-return profiles and may perform differently during economic events or market cycles, reinforcing the strategic role of alternatives in mitigating volatility.



Diversification
Alternative strategies include sophisticated tactics—such as short selling, quantitative overlays and leverage—to counter volatility.



Holding Period
In exchange for deferred liquidity, alternative structures may seek to compensate the investor with higher return potential and may mitigate irrational investor decisions, like selling during a market downturn.

Conclusion

Instead of chasing performance, investors should look beyond traditional securities, strategies and structures. By allocating alternative investments as part of a well-balanced portfolio, investors could increase diversification—potentially mitigating volatility and leading to better outcomes.

What is AltScape?

AltScape is an educational resource to help financial advisors and their clients expand their definition of diversification and embrace the role of alternative investments in mitigating risk, enhancing returns and hedging inflation—to target better portfolio outcomes.

For information, contact your financial advisor or visit provasicapital.com.

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Alternative investments may involve higher fees, limited liquidity and greater risks, including significant credit and valuation risk, higher volatility and the opportunity for significant losses compared to traditional investment strategies. Alternative investments are not suitable for all investors.

Past performance is neither indicative nor a guarantee of future results. Diversification does not ensure a profit or guarantee against a loss.

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