

Top Five Takeaways



CAIS Live | Chicago provided financial advisors with a dynamic experience, where they could engage with bank issuers and asset managers to gain inspiration and a better understanding of alternative investment strategies. Independent financial advisors joined industry leaders from Apollo, Davidson Kempner, Flowstone, Franklin Templeton, Nuveen, Partners Group, Monroe Capital, and more to share best practices and discuss the trends and innovations shaping the alternative investments landscape.

Here are the top five takeaways from the event:

1 Ben Zobrist: Ask for Help, Embrace Hard Times, and Appreciate What's Around You

In addition to sharing details of his experience winning two World Series Championships, Ben shared that as a high performer, it's not unusual to experience the highest of highs after achieving success and yet feel empty and lost. It's important to remember that help is always available, and you can't be afraid to ask for it. Everyone needs help from time to time.

"Embrace the Suck" was some of the best advice Ben received from former Cubs manager, Joe Maddon. Things will inevitably go wrong, and times will be hard. But, as Ben explained, our best defense is to embrace those moments as a chance to look closely at what's happening and learn to do better moving forward.

Finally, he emphasized gratitude and the importance of remaining in the moment and finding joy in the simplest life experiences. He also encouraged our audience to be willing to try everything, noting that versatile people can be the most valuable.

2 Onshoring and AI Are Emerging Alts Investment Themes

Many advisors aim to gain exposure to certain market themes, like artificial intelligence, by investing in companies through equity or bonds. An additional option can be buying real estate and leasing it back to the company, which may potentially offer a higher yield and ownership of two assets: 1) the physical building and 2) the lease.

Onshoring and AI have been investing themes in the last two years. Onshoring, for example, can be considered "mission critical," as having facilities on US soil is important. Similarly, data centers that support generative AI can be an entry point.

Asset managers discussed the challenges and risks of property ownership while highlighting that long -duration leases with a single tenant may be reliable sources of income due to resilience through market cycles and shorter-term market movements. Technology companies with well-established platforms, like Google, Amazon, and Microsoft, can be prime tenants for long-term leases.

3 Technology Makes It Easier to Use Structured Investments as an Alts Complement in Portfolios

Throughout the day, the talk among some advisors was how they're beginning to leverage both structured notes and alternative investment funds as complementary parts of certain client portfolios. The advisor best practices panel dove into this deeper, with advisors noting the relationship emerging between funds and notes.

As many advisors seek to increase returns and manage risk, advisors highlighted that funds and notes together can target both objectives, potentially complementing the traditional portfolio. Alts funds can provide access to private markets, while notes can provide public market exposure. Platforms like CAIS make it easier for advisors to access structured notes. Education on funds and structured notes is important to make better-informed decisions for clients.

4 Manager Due Diligence Should Delve Into the Experience and Continuity of the Investment Team

When doing diligence in higher-risk strategies, advisors may want to look for managers that create excess return for the excess risk they are taking on. When meeting a manager, advisors may be well served to spend time understanding the sectors they specialize in and the other players that are in it to better understand their position within the marketplace.

It can also be important to look at the history of a firm and understand the plans for team continuity and succession. Panelists suggested some questions that advisors can ask asset managers about their team dynamics. For example, do they have a transition plan in place if partners should leave? Do they focus on ownership structure by sharing the economics and governance? If the best hires consistently leave, advisors may view it as a red flag.

5 Education Comes First

One of the central themes we heard from the speakers at the event was the importance of education in the realm of alternative investments. Before advisors can integrate alts into portfolios, several panelists stressed that advisors should aim to ensure that their clients are educated in alternative investments, their complexities, risks, and alignment with broader objectives.

Advisors may highlight complexities associated with alternatives, such as understanding the liquidity profiles, fee structures, and risk factors involved. Advisors were encouraged to use education as a foundational step to help their clients make more informed decisions and seek to set realistic expectations about potential investment outcomes.