

How can private real assets help your clients achieve their goals?

Introducing strategies—and potential risks and benefits

Private real assets seek to generate income, diversification, and potential long-term growth by investing in tangible, physical assets—such as real estate, infrastructure, natural resources, and renewable energy. This guide is designed to reinforce key concepts from Fidelity’s real assets learning module and help you confidently guide your clients on alternative investments, outlining:

Key differences between private and public real assets—and how to explain them to clients.

Types of private real asset strategies, how they may benefit your clients, and how to introduce them.

How do private and public real assets differ?

Comparing potential returns and risks

Potential opportunities

	Private real assets	Public real assets
Return potential	Potential for higher long-term returns due to operational value creation and inefficiencies	Typically more modest returns, influenced by market pricing and sentiment
Income generation	Stable cash flows from leases, tolls, or production-based contracts	Dividend income, but more vulnerable to market cycles
Inflation hedge	Strong hedge via long-term contracts with inflation-linked pricing	REITs and infrastructure can hedge inflation, but less directly

Potential risks

	Private real assets	Public real assets
Liquidity risk	High—capital may be locked up for years, with infrequent redemption windows (But many REITs have no lock-up and provide quarterly liquidity.)	Highly liquid—tradable daily
Valuation transparency	Low—appraisals or internal valuations performed periodically	High—daily pricing based on market trades
Capital commitment	Capital is often drawn down over time (committed capital structures)—but REITs take all investment upfront	Immediate deployment of capital

Guide to strategies organized by asset type

Real Estate

Seeks steady income and long-term appreciation through investment in residential, commercial, or industrial properties. Potential benefits include steady cash flows, inflation protection and diversification away from traditional stocks and bonds; tax advantages such as depreciation deductions stand as benefits; and greater stability and income predictability than public REITs, with less correlation to public markets.

Investor profile:

- Income-focused
- Longer time horizon
- Tax-aware
- Comfortable with illiquidity
- Diversifying from public market exposure
- Capable of meeting minimum investment thresholds

Starting the client conversation:

“Real estate investing means owning physical properties—generating steady rental income and benefiting from property value growth. It can be a way to add reliable income and inflation protection to your portfolio.”

Questions to ask:

1. What are your current investment income needs, and are you interested in exploring ways private real estate help?
2. Are you comfortable with a longer time horizon before realizing potential benefits?
3. How would private real estate investments align with other real estate assets you may own, and with your overall portfolio?

Infrastructure investments

Target essential services like transportation, utilities and telecommunications, often underpinned by long-term contracts. They can provide consistent cash flows, stability, and inflation linkage through regulated returns or user fees; steady income streams from tolls or service fees; long-term value growth and inflation resilience; and greater return stability than corporate bonds, with less volatility than equities. But there are potential downsides, including regulatory risk, political uncertainty, construction delays, and possible liquidity issues.

Investor profile:

- Income-focused
- Longer investment time horizon
- Inflation-conscious
- Diversifiers

Starting the client conversation:

“Infrastructure investing means putting money into essential assets like roads, bridges, and power grids, earning steady returns through user fees and regulated contracts. It can be a way to build long-term, stable income.”

Questions to ask:

1. How important is steady investment income to your investment goals?
2. What’s your current strategy for managing volatility and inflation? Could infrastructure play a role?
3. How might certain infrastructure strategies align with your goals for sustainability?

Guide to strategies organized by asset type (continued)

Natural Resources

Focus on commodities such as oil, gas, timber, and minerals, which may benefit from global demand and supply dynamics. They can offer a hedge against inflation, exposure to raw materials driving economic growth, and a counterbalance to equity-heavy portfolios. They may also have potential to outperform stocks during inflationary periods, commodity booms, and during resource shortages. But investors should be aware of potential downsides like price volatility, geopolitical risks, and environmental concerns.

Investor profile:

- Inflation-hedging
- Longer time horizon
- Diversifiers
- Impact-driven

Starting the client conversation:

"Investing in natural resources means owning a piece of the world's essential materials—oil, gas, timber—which tend to rise in value during inflation. It's a way to protect your portfolio from rising costs."

Questions to ask:

1. Can we discuss potential diversification gaps in your portfolio that natural resources may help fill?
2. Trees take time to grow. Are you willing to wait for potentially attractive returns?
3. How important are concerns like sustainable forestry, carbon credits, or regenerative agriculture?

Renewable energy

Investments focus on sustainable projects such as wind, solar and hydroelectric power, tapping into the global shift toward clean energy. These investments may offer growth potential through government incentives and energy transition initiatives while providing long-term cash flows. They can also provide attractive long-term returns, inflation protection, more stable returns than volatile energy stocks. Risks may include policy shifts, technology risk, and project financing challenges.

Investor profile:

- Income-oriented
- Impact-focused
- Long-term time horizon
- Institutional and HNW individuals
- Tax-sensitive

Starting the client conversation:

"Renewable energy investing can allow you to participate in the shift to clean power while and possibly provide steady returns from wind, solar, and hydro projects. It's about aligning profit with sustainability."

Questions to ask:

1. Are you interested in finding out how renewables may offer an attractive inflation hedge while allowing you to participate in energy transformation?
2. Are you comfortable with returns that take years to materialize, in exchange for potentially steady income and appreciation?
3. Do renewables have a place within your overall energy portfolio? Let's explore whether they make sense for you.



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