Research

Fidelity Institutional Insights

A study of allocations to alternative investments by institutions and financial advisors

Proprietary research from Fidelity explores emerging trends by segment, and strategies where investors may be under- or over-allocated to alternatives.

Emil Iantchev, PhD
Team Leader, Asset Allocation Research Team

Hongshu Chen, CFA
Quantitative Analyst

Dennis Bowden
Vice President, Market and Business Intelligence

Samantha Locwin, CFA, CAIA
Director, Market and Business Intelligence

KEY TAKEAWAYS

- Many institutions and advisors have acknowledged that alternative investments, including hedge fund strategies, private equity, private credit, and real assets, may help enhance returns, manage risk, or improve diversification, among other potential benefits.
- Institutions have historically held higher average allocations to alternatives than advisors (25% vs. 5%),[1] given barriers to entry such as manager access, perceived costs, liquidity considerations, and high investment minimums. Such hurdles reflect long-standing transactional frictions that have likely hindered investor implementation in the past.
- Based on surveys conducted on behalf of Fidelity, we have compiled insights into the portfolio allocations of institutions and financial advisors to better understand how they are using alternative investments within their multi-asset portfolios.
- We also employed quantitative techniques to learn more about the return assumptions implied by these allocations, and what those holdings might suggest about possible under- or over-allocations when compared to the investment expectations of the broader institutional investment universe.[2]
- Lower allocations and lower corresponding implied real returns for private assets (by the broader market relative to institutions) suggest investments could flow from developed equity and bond markets into private markets, as investors gain a better understanding of perceived and real hurdles.
- Relative to stated return expectations, institutions across the board demonstrated under-allocation to private credit. Years of low interest rates may have influenced return expectations for private credit relative to private equity, and tilted allocations in the direction of private equity.
- The reduction of legacy transactional frictions and emergence of new vehicles and platform technology could help encourage optimal allocations along the efficient frontier and thereby help improve overall client outcomes.

Fidelity INVESTMENTS

Introduction

Alternative investments can be generally defined as investments that are distinct from traditional portfolio holdings, such as stocks, bonds, and cash. A broad and diverse range of asset types and investment strategies falls within the "alternatives" classification, including hedge fund strategies, private equity, private credit, and real assets.

Given the heterogeneous nature of investment types that fall under the "alternatives" moniker, how investors define them can vary. Investor perceptions of liquid versus illiquid alternatives may also differ based on their specific liquidity needs. For example, some institutions may view hedge fund strategies as liquid and tend to invest in them through limited partnerships (LPs) or other legal structures, which sometimes have long notice periods and lockups. But advisors view hedge fund strategies as illiquid and tend to invest in them via liquid vehicles such as mutual funds that are priced daily and trade on an exchange.

Investors have generally allocated to alternatives when seeking to enhance returns, manage risk, or improve diversification. They may also look to alternatives as potential sources of income or inflation hedging, and allocations may vary based on their investment objective, time horizon, liquidity constraints, and other factors. Many of our clients—both institutions and financial advisors—are looking for guidance about incorporating alternatives into a portfolio given the complexities of these strategies, including challenges with manager selection, costs, transparency, and liquidity considerations. More investors may also be considering new or increasing allocations to alternatives given the current market environment with the potential for more muted returns in traditional asset classes. The potential for increased market volatility, which can present opportunities for certain types of alternative strategies, may also be a factor.

Based on Fidelity and industry surveys, we have compiled insights into the portfolio allocations of institutions and financial advisors to better understand how they are using alternative investments within their multi-asset portfolios. Exhibit 1 outlines overall investments to alternatives and allocations by segment, including private assets and hedge fund strategies, relative to a total market portfolio that seeks to estimate the holdings of all investors (based on the total assets in each category) to demonstrate the broader investment backdrop for alternative investing.

EXHIBIT 1: A broad view of investing in alternatives today.

Institutions	Advisors	Total Market
92% invest in alternatives, with most exposure in private assets	**31%** invest in private assets, while a higher percentage gain exposure through liquid mutual funds and ETFs	
25% average allocation size	**5%** average allocation size (both liquid and illiquid strategies)	**10%** average allocation size
Public/private pensions, insurers, and large endowments and foundations	Representing varied assets under management and client types	Global institutions, advisors, and retail investors

Sources: 2023 Fidelity Institutional Investor Study, May and June 2023 (institutions); and The Cerulli Report—U.S. Alternative Investments 2024: Projecting Retail Alternative Investments Growth (advisors). Market based on total assets and related metrics compiled in global indices, January 2025. Note: The summary above features data from different surveys; liquid and illiquid data usage do not sum. This analysis does not include digital assets, which Fidelity views as a type of alternative investment, given their shorter track records. See Appendix for full details.

Our research sought to provide a comprehensive picture of alternative allocations across asset classes, investor segments, and vehicles, despite widespread implementation differences and data complexities. Exhibit 2 outlines an overview of asset class allocations by investor segment, showing investor weights in public equities, public fixed income, alternatives overall, and cash. Of note, in this research we did not include digital assets—which we view as a type of alternative—given their shorter track record. We also considered the Family Office segment separately given their unique objectives based on individual family needs; see the sidebar on page 4 for more.

Exhibit 3 outlines some high-level takeaways on alternative investing by strategy type: hedge fund strategies, private equity, private credit, and real assets including real estate, commodities, and infrastructure. The strategy landscape is a challenging snapshot given widespread differences in how investors today are accessing alternatives—illustrating emerging trends, challenges, and opportunities for institutions and advisors that we will explore in the following sections.

EXHIBIT 2: Asset class weights by investor type across the major investment categories—public equities, public fixed income, alternatives, and cash.

	Market	Advisors	All Institutions	Pensions	Insurers	Large E&Fs
Public Equities	36%	56%	44%	44%	38%	51%
Public Fixed Income	51%	32%	29%	27%	41%	20%
Alternatives	10%	5%	25%	27%	19%	26%
Cash	3%	6%	2%	2%	2%	3%

Source: 2023 Fidelity Institutional Investor Innovation Study (Institutions); The Cerulli Report—U.S. Alternative Investments 2024: Projecting Retail Alternative Investments Growth (advisors). Market capitalization weights are based on total assets; see Appendix for full details.

EXHIBIT 3: Alternative investing by strategy (based on allocations relative to market capitalization weights).

<table>
<tr><th></th><th>Hedge Fund Strategies</th><th>Private Equity</th><th>Private Credit</th><th>Real Assets</th></tr>
<tr><td></td><td>Equity hedge
Relative value
Event driven
Macro</td><td>Buyouts
Venture capital
Growth equity
Secondaries</td><td>Direct lending
Distressed debt
Collateralized loan obligations
Mezzanine debt
Opportunistic credit</td><td>Real estate
Commodities
Infrastructure</td></tr>
<tr><td rowspan="2">Institutions</td><td>Institutions have higher allocations than the market weight; generally view them as liquid</td><td>Allocations higher than the market weight; large E&Fs have highest weights</td><td>Allocations higher than the market weight</td><td>Allocations higher than the market weight</td></tr>
<tr><td>Vehicles include single manager LPs or multi manager LPs (fund of funds)</td><td colspan="3">Single manager LPs, multi manager LPs (fund of funds), co-investments, and direct investments</td></tr>
<tr><td rowspan="2">Advisors</td><td rowspan="2">Generally achieve exposure through liquid alternatives (e.g., mutual funds or ETFs) as traditional hedge funds may not be as accessible</td><td colspan="2">Lower overall utilization of private assets relative to institutions and the market</td><td>Generally invest in mutual funds and ETFs for exposure because private vehicles may not be as accessible</td></tr>
<tr><td colspan="3">Innovation of semi-liquid and lower minimum vehicles should enable higher usage</td></tr>
</table>

Source: Fidelity Investments. This analysis does not include digital assets, which Fidelity views as a type of alternative investment, given their shorter track records.

How institutions are allocating to alternatives

Institutional investors have sought exposure to nontraditional asset categories for decades, and as expected, we found that they tend to allocate to alternatives to a greater degree than other types of investors. Exhibits 2 and 4 illustrate the differences in average institutional portfolio allocations relative to overall invested assets in the market. Allocations by all institutions and institution type (public and private pensions, insurers, and large endowments and foundations) are based on responses to the 2023 Fidelity Institutional Investor Study.[3]

Varied portfolio objectives, investment horizons, and portfolio constraints play a significant role in strategic asset allocation decisions and therefore are likely important drivers of the varied allocations we observed. At the broadest level, based on our analysis, the total market portfolio is heavily weighted toward global fixed income, with significant allocations to U.S. equity and U.S. fixed income. Alternatives comprise only a small proportion, at approximately 10% of total invested assets, with most exposure to private equity (5%).

Institutional investors in general allocate 25% to alternatives, but by segment, pensions and E&Fs had the highest alternatives allocation (27% on average).

Alternative investing within family offices

Family offices typically reflect the unique investment objectives and goals of individual families, but they all generally seek to preserve family wealth for future generations and thus have long investment horizons. A 2023 Fidelity study of family offices found that private equity, venture capital, and direct real estate continue to be focus areas, with private credit of growing interest.

Family Offices: Average Asset Allocation

U.S. equities (public)	37%
U.S. private equity	13%
Direct real estate	8%
International developed-market equities (public)	6%
Venture capital	4%
Hedge fund strategies	4%
Fixed income (taxable)	4%

Source: Invested in the future. Overview of the 2023 Family Office Investment Study. September 2023. See Appendix for more details of the study.

EXHIBIT 4: Institutions tend to allocate to alternatives in a more meaningful way than other types of investors.

Estimated Total Market Portfolio and Average Institutional Portfolios—Asset Class Weights (%)

	Market	All Institutions	Pensions	Insurers	Large E&Fs
Public Equities	36%	44%	44%	38%	51%
Public Fixed Income	51%	29%	27%	41%	20%
Hedge Fund Strategies	2%	4%	4%	3%	5%
Private Equity	5%	6%	7%	3%	9%
Private Credit	1%	2%	2%	4%	3%
Real Estate	1%	6%	7%	5%	4%
Commodities	1%	2%	2%	2%	2%
Infrastructure	1%	3%	4%	3%	3%
Cash	3%	2%	2%	2%	3%

Source: Fidelity Investments. Market capitalization weights are based on total assets; alternative weights may not sum due to rounding. This analysis does not include digital assets, which Fidelity views as a type of alternative investment, given their shorter track records. See Appendix for full details.

Endowments and foundations represent a widely diverse cohort of tax-exempt educational and charitable organizations with varied assets under management, investment mandates, and annual spending needs. The smallest organizations may be single-grant, closed foundations with under $50 million in assets, and limited or no exposure to alternatives. But the largest endowments may have billions in assets under management and have been innovators for decades investing in alternatives, with the largest weightings.

These largest organizations often have absolute return mandates and typically have a 5% annual spending rate target, making their liquidity needs even lower. Thus many of these organizations, in theory, have infinite time horizons given they are not saving for a specific goal, such as retirement, and instead plan to operate in perpetuity. As a result, the larger E&Fs tend to avoid lower-yielding fixed-income categories in favor of equities and illiquid alternatives, especially private equity (9%) and hedge fund strategies (5%).

Public-sector pension funds, many of which have been challenged by underfunding, often seek higher returns to meet their liabilities. As a result, public pensions tend to hold higher allocations to illiquid alternatives and equities. Many private-sector pensions, on the other hand, are focused on freezing or closing plans in favor of defined contribution plans, due to rising costs and poor funding levels, among other factors. From an asset allocation standpoint, private pensions tend to favor longer-term bonds to match their asset duration with their liabilities.

Insurers overall have a low allocation to alternatives (19%), likely due to a more conservative risk profile and more regulatory scrutiny of their capital ratios and use of leverage. Their portfolio investment objectives typically seek to balance expected returns on assets with their expected liabilities, so they have among the highest allocations to fixed income (41%), the lowest allocations to public equities (38%), and generally lower exposure to risk assets.

What could allocation sizing tell us about institutional investors' views of alternatives?

Understanding the varied investment objectives among institution types, some of which are highlighted here, we sought to better understand the return assumptions institutional investors may have about the asset classes they choose to own. As part of this work, we used quantitative techniques that leverage portfolio weightings, volatilities, and correlations from the following sources:

1. We developed total market weightings based on assets in global indices, as well as actual institutional allocations reported by respondents in the 2023 Fidelity Institutional Investor Study; and
2. We utilized forward-looking volatility and correlation assumptions for traditional and alternative asset classes from Horizon Actuarial Services LLC, representing aggregated views of 41 large institutions. With these inputs, we calculated implied real returns suggested by the asset class weightings—that is, what their allocations may tell us about their beliefs about alternatives versus traditional asset classes (Exhibit 5).

EXHIBIT 5: Implied real returns by asset category for the total market and average portfolios of institutions by type.

	Implied Real Return					Horizon CMA Survey, 10-Year Real, Arithmetic
	Market	All Institutions	Pensions	Insurers	Large E&Fs	
Public Equities	5.4%	7.2%	7.4%	6.2%	8.0%	5.9%
Public Fixed Income	1.4%	1.6%	1.7%	1.5%	1.7%	2.9%
Alternatives	4.1%	5.1%	5.3%	4.0%	5.9%	6.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%

Sources: Fidelity Investments, Horizon Actuarial Services LLC, MSCI, Bloomberg Finance LP, ICE, BIS, Preqin, HFR. Methodology: Implied returns calculated with a covariance matrix and risk aversion parameter. The implied returns are calculated at more granular asset-class levels and aggregated based on allocation weights. See Appendix for more on the asset classes used and the full methodology.

At the highest level, we can see that institutions generally expect higher returns for alternatives relative to the broader market (5.1% vs. 4.1%), but those implied returns are still lower than Horizon's forward-looking return expectations for alternatives (6.1%). Institutions are also over-allocated to public equities relative to Horizon's forward-looking expectations. For example, their implied real return for public equities is 7.2%, compared with Horizon's forward-looking expectation of 5.9%. This dynamic suggests more capital may flow from public market segments into alternatives by institutions and other types of investors.

By institution type, large E&Fs have higher implied returns for alternatives than other segments or the market, likely due to their longer time horizons and fewer liquidity restraints. Insurers have the lowest implied returns for alternatives, slightly lower than the broader market, possibly because they focus more on hedging liabilities than on seeking higher returns. It could also be due to more conservative return assumptions given regulatory or peer comparison concerns.

Looking deeper by strategy type, we found that institutions generally have lower implied returns for private credit relative to Horizon's return expectations (Exhibit 6). Implied real returns by institution type ranged from 2.9% to 3.7%, with the broader market at 2.3%, compared with Horizon's 6.6%. Private credit has grown in the past decade to about $1.6 trillion in assets,[4] but years of low interest rates may have influenced return expectations for private credit relative to private equity, and tilted allocations in the direction of private equity. In addition, there may have been fewer opportunities within the asset class for established managers in the past, but the emergence of direct lending and private senior debt may encourage more usage.

We also noted generally comparable implied returns to private real estate and commodities relative to the Horizon survey; the focus on real assets is likely due to inflation concerns.

EXHIBIT 6: Implied real returns by traditional and alternative sub-asset-classes, compared with Horizon's forward-looking expectations.

	Implied Real Return					Horizon CMA Survey, 10-Year Real, Arithmetic
	Market	All Institutions	Pensions	Insurers	Large E&Fs	
Public Equities	5.4%	7.2%	7.4%	6.2%	8.0%	5.9%
Public Fixed Income	1.4%	1.6%	1.7%	1.5%	1.7%	2.9%
Hedge Fund Strategies	2.0%	2.7%	2.8%	2.4%	3.0%	3.8%
Private Equity	5.9%	8%	8.2%	6.6%	9.1%	9.1%
Private Credit	2.3%	3.3%	3.4%	2.9%	3.7%	6.6%
Real Estate	3.4%	4.8%	4.9%	4.1%	5.1%	5.0%
Commodities	2.7%	3.4%	3.4%	3.0%	3.7%	4.0%
Infrastructure	4.0%	5.4%	5.4%	4.6%	5.7%	6.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%

Sources: Fidelity Investments, Horizon Actuarial Services LLC, MSCI, Bloomberg Finance LP, ICE, BIS, Preqin, HFR. Methodology: Implied returns calculated with a covariance matrix and risk aversion parameter. The implied returns are calculated at more granular asset-class levels and aggregated based on allocation weights. The Horizon survey categories in some cases were slightly different; in those cases Fidelity selected the closest proxy. See Appendix for more on the asset classes used and the full methodology.

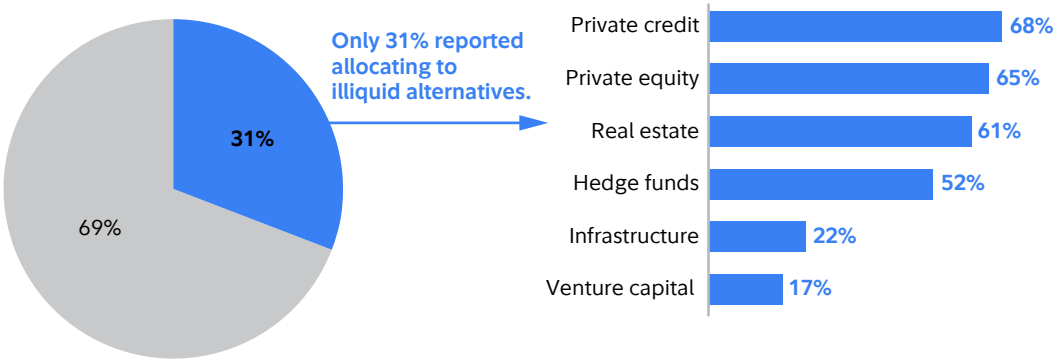
Allocations to alternatives by financial advisors

Alternative investing has been more pervasive in institutional portfolios, and the advisor marketplace presents a much different picture, with fragmented allocations. Due to the diversity among advisors by assets under management and client type, it is difficult to draw exact "apples to apples" comparisons by advisor type or relative to other types of investors. As illustrated in Exhibit 7, of the 31% of advisors investing in illiquid alternatives on behalf of their clients, they are currently using a range of asset classes including private credit (68%), private equity (65%), and real estate (61%). Based on qualitative feedback, we have observed the highest adoption rates among advisors managing more assets, who may have more resources and access to better facilitate investment in private markets.

Alternative investments were at one time largely accessible only to institutions, due to the higher investment minimums of private alternatives in particular. This could explain, at least in part, why financial advisors and individual investors tend to invest in alternatives to a lesser degree. However, another key reason advisors may not have embraced alternatives to the same extent as institutions is because of the diverse investment objectives and time horizons of the clients they serve. Unlike institutions that have extremely long investment horizons, investing for education or retirement is time-bound, which has likely led advisors to favor investing in public markets. Furthermore, alternatives tend to be more complex than traditional asset classes, and surveyed advisors cited the need for more education and a better understanding of these categories in order to invest.

Other frictions associated with investing in alternatives reported by advisors include the illiquidity of many strategies (53%), higher fees (32%), and historical performance relative to public markets (23%), a Fidelity survey found.[5] Some advisors have noted that the performance was so strong in public markets that they have not needed to dedicate as much time to learning about these nontraditional asset categories. However, recent equity market declines and generally less-constructive outlooks for public markets, as illustrated by Horizon's industry CMAs highlighted here, may prompt more advisors to consider alternatives as potential building blocks for their multi-asset portfolios.

EXHIBIT 7: Only one-third of advisors are investing in illiquid alternatives on behalf of their clients, including private equity, private credit, and real estate.



Source: The Cerulli Report—U.S. Alternative Investments 2024: Projecting Retail Alternative Investments Growth.

Additionally, asset managers have accelerated their efforts to develop and offer new investment vehicle structures that enable broader access to private markets. These include liquid and semi-liquid structures such as non-traded real estate investment trusts (REITs), business development companies (BDCs), and interval funds. Assets in liquid alternatives totaled $1.1 trillion as of March 2024, according to Cerulli.[6] Assets in semi-liquid vehicles reached $299 billion by the end of 2023. Advancements in technology that have enabled acceleration in the accessibility of illiquid alternatives may also lead to increased adoption by advisors.

Investment implications

Based on Fidelity survey data, we observed institutional investors and financial advisors seeking exposure to alternatives to varying degrees. While both the institutions and advisors we surveyed expressed plans to increase exposure to at least some categories of alternatives, advisors have lagged in the scope and level of their allocations. While the investment objective, time horizon, and portfolio constraints are critical factors in determining asset allocation decisions, the proliferation of innovative investment structures may continue to remove some of the reported frictions associated with advisors and individuals investing in alternatives.

For more information about alternative investments, please contact your Fidelity representative.

Appendix

Market portfolio methodology: Indices and proxies for asset class weightings

We first identify major investable traditional and alternative asset classes. Traditional asset classes include public equities, public debt, commodities, and cash. Alternative asset classes include private equity, private credit, real assets (real estate, commodities, infrastructure), and hedging strategies.

We use representative investable index market capitalizations for public equities and public debt except for International/Global Investment Grade Fixed Income, which is based on a Bank for International Settlements (BIS) estimate, as outlined in the following table.

Asset Class	Index
U.S. Equity	MSCI USA
International/Global Equity	MSCI World ex U.S.
Emerging Markets Equity	MSCI Emerging Markets
U.S. Investment Grade Fixed Income	Barclays U.S. Agg
High Yield	ICE Global HY

For commodities, we use the notional value of outstanding contracts from BIS as its market capitalization. For cash, we use the outstanding U.S. Treasury-bill value from Securities Industry and Financial Markets Association (SIFMA) as its market capitalization. For alternative asset classes, we use their estimated global assets under management from Preqin. Assets for hedging strategies are from Hedge Fund Research (HFR).

Finally, we divided the asset class market capitalizations by the total market capitalization to arrive at the market portfolio weightings. This universe includes all types of investors—institutions, advisors, and retail investors.

Reverse optimization methodology

We use the Black-Litterman reverse optimization process to estimate assets expected returns based on allocation (for the market portfolio, estimated based on market cap, see methodology above; for institutions, based on Fidelity survey) and volatilities and correlations assumptions (from the Horizon survey). Black-Litterman reverse optimization assumes market participants collectively make a mean-variance optimal allocation decision given the expected returns and a covariance matrix of assets returns.

The implied returns (r) can be solved by multiplying the covariance matrix (Σ) with the market portfolio weights vector (w). A simpler version of an asset's implied expected return is that it's proportional to its market portfolio weight, and to its return variance if assets are uncorrelated to each other. Finally, the implied returns from the previous step need to be scaled by the risk aversion parameter (λ), putting together the formula, $r = \lambda \Sigma w$. We estimate the risk aversion parameter to be 4, based on a recent survey of institutional investors' allocation and required rate of return.

As with any quantitative analysis, the results may be sensitive to assumptions and it should also be noted that the implied returns should be interpreted as arithmetic average returns instead of compounded rates of return.

Full table of results

Below is a full table of our findings, including the weightings and implied real returns for the total market and by institutional segment, and Horizon's forward-looking real return assumptions.

	Market		All Institutions		Pensions		Insurers		Large E&Fs		Horizon CMA Survey, 10-Year Real, Arithmetic
	Weight	Implied Real Return	Weight	Implied Real Return	Weight	Implied Real Return	Weight	Implied Real Return	Weight	Implied Real Return	
U.S. Equity	23%	5.2%	26%	6.9%	24%	7.0%	24%	5.9%	34%	7.7%	5.3%
International/Global Equity	9%	5.5%	11%	7.2%	12%	7.4%	8%	6.1%	10%	7.8%	6.2%
Emerging Markets Equity	4%	6.5%	7%	8.7%	7%	8.9%	6%	7.4%	7%	9.4%	7.9%
U.S. Investment Grade Fixed Income	13%	1.1%	18%	1.1%	15%	1.1%	30%	1.1%	12%	1.0%	2.7%
International/Global Investment Grade Fixed Income	36%	1.5%	5%	1.2%	5%	1.2%	4%	1.1%	3%	1.1%	1.5%
High Yield	1%	2.6%	5%	3.4%	5%	3.5%	5%	3.1%	4%	3.7%	4.2%
Emerging Market Debt	0%	2.6%	2%	3.2%	2%	3.3%	3%	2.9%	1%	3.4%	4.3%
Hedge Fund Strategies	2%	2.0%	4%	2.7%	4%	2.8%	3%	2.4%	5%	3.0%	3.8%
Private Equity	5%	5.9%	6%	8.0%	7%	8.2%	3%	6.6%	9%	9.1%	9.1%
Private Credit	1%	2.3%	2%	3.3%	2%	3.4%	4%	2.9%	3%	3.7%	6.6%
Real Estate	1%	3.4%	6%	4.8%	7%	4.9%	5%	4.1%	4%	5.1%	5.0%
Commodities	1%	2.5%	2%	3.4%	2%	3.5%	2%	3.0%	2%	3.7%	4.0%
Infrastructure	1%	4.0%	3%	5.3%	4%	5.4%	3%	4.6%	3%	5.7%	6.1%
Cash	2%	0.0%	2%	0.0%	2%	0.0%	3%	0.0%	3%	0.0%	1.3%

Surveys used in this research

We used a variety of Fidelity and industry research to build the fullest picture of alternative investing by institutions and advisors. They include:

The 2023 Fidelity Institutional Investor Study. The study, conducted in May and June, surveyed senior decision-makers at 500 institutions with $12 trillion in assets under management.

Survey of Capital Market Assumptions, 2024 Edition, Horizon Actuarial Services LLC. Annual survey of 41 investment advisors featuring expected 10-year forecasts for volatilities, correlations, and real returns. Note, some of the categories did not always match exactly, so in those cases Fidelity selected the closest proxy; for example, we used Non-U.S. Equity—Developed for International/Global Equity; U.S. Equity—Large Cap for U.S. Equity; and U.S. Corporate Bonds—Core for U.S. IG Fixed Income. We also used expected real returns in our analysis.

April 2021 Fidelity Advisor Alternative Investment Survey. An online blind survey of 204 advisors who manage or advise at least $30 million in assets.

The Cerulli Report—U.S. Alternative Investments 2024: Projecting Retail Alternative Investments Growth. An annual report focused on the U.S. retail and institutional alternative investment product landscape, including development and distribution trends.

Invested in the future. Overview of the 2023 Family Office Investment Study. September 2023. Based on 83 single family office participants, as well as members of the Forge community who completed the survey.

Authors

Emil Iantchev, PhD
Team Leader, Asset Allocation Research Team

Hongshu Chen, CFA
Quantitative Analyst

Dennis Bowden
Vice President, Market and Business Intelligence

Samantha Locwin, CFA, CAIA
Director, Market and Business Intelligence

Thought Leadership Vice President Martine Costello Duffy provided editorial direction for this article.

Endnotes

1. Source: Fidelity Investments. See Exhibit 1 and Appendix on page 9 for more details. **2.** Survey of Capital Market Assumptions, 2024 Edition, Horizon Actuarial Services LLC. Annual survey of 41 investment advisors featuring their expected return assumptions. **3.** Fidelity's 2023 Institutional Investor Study, conducted in May and June, surveyed senior decision-makers at 500 institutions with $12 trillion in assets under management. **4.** Preqin, as of June 30, 2024. **5.** The April 2021 Fidelity Advisor Alternative Investment Survey was an online blind survey of 204 advisors who manage or advise at least $30 million in assets; the 2021 Fidelity Advisor Insights Survey, an online blind survey fielded in October and November 2021, included 2,759 advisors who are registered advisors. **6.** The Cerulli Report—U.S. Alternative Investments 2024: Projecting Retail Alternative Investments Growth.

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you. Accordingly, nothing in this material constitutes impartial investment advice or advice in a fiduciary capacity, as defined or under the Employee Retirement Income Security Act of 1974 or the Internal Revenue Code of 1986, both as amended. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in the products or services and may receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services. Before making any investment decisions, you should take into account all of the particular facts and circumstances of your or your client's individual situation and reach out to an investment professional, if applicable.

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy or sell any securities. Views expressed are as of January 2025, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the author and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Nothing in this content should be considered to be legal or tax advice, and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision.

Risks

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets. These risks are particularly significant for investments that focus on a single country or region.

Investing involves risk, including risk of loss.

Alternative investment strategies may not be suitable for all investors and are not intended to be a complete investment program. Alternatives may be relatively illiquid; it may be difficult to determine the current market value of the asset; and there may be limited historical risk and return data. Costs of purchase and sale may be relatively high. A high degree of investment analysis may be required before investing.

Past performance and dividend rates are historical and do not guarantee future results.

Diversification and asset allocation do not ensure a profit or guarantee against loss.

All indices are unmanaged. You cannot invest directly in an index.

Third-party marks are the property of their respective owners; all other marks are the property of FMR LLC.

The Chartered Financial Analyst (CFA) designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

This material may be distributed through the following businesses: Fidelity Institutional® provides investment products through Fidelity Distributors Company LLC; clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC (Members NYSE, SIPC); and institutional advisory services through Fidelity Institutional Wealth Adviser LLC.

Personal and workplace investment products are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC.

Institutional asset management is provided by FIAM LLC and Fidelity Institutional Asset Management Trust Company.

© 2025 FMR LLC. All rights reserved.