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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Alternative Investments: Considerations for Consumers

Boise, Idaho... Alternative Investments are investments such as art, collectibles¹, real estate², private equity³, venture capital⁴, and commodities⁵ that do not fall into traditional categories such as stocks, bonds, or cash. These types of investment opportunities are more prevalent today and are increasingly being introduced to a growing number of retail consumers. Recent research suggests that alternative investment assets under management may grow to over \$23 trillion by the year 2027.⁶ As more investment professionals recommend these products that can possess complex features, it is important for consumers to understand both the potential benefits and risks of alternative investments:

Potential Alternative Investment Benefits

- ✓ May help enhance returns and portfolio diversification.
- ✓ Potential income source.
- ✓ Possible hedge against inflation.
- ✓ Could involve less regulation.

Potential Alternative Investment Risks

- ✗ Could entail complex legal and tax considerations.
- ✗ Can be relatively illiquid or difficult to convert into cash.
- ✗ Might involve borrowing funds/leverage that can lead to increased losses.
- ✗ May have higher fees.
- ✗ Often there is less regulatory oversight of these investments.

Summary

Before investing, investors and/or their investment professional(s) should conduct careful research and due diligence regarding the potential benefits and risks of alternative investments. It is important to consider all the particular facts and circumstances of each investor's unique situation to ensure suitability. The Department encourages investors to read the fine print associated with their investments and to ask their investment

¹ An item of value sought by collectors (e.g., stamps, comic books, or rare coins etc.).

² Property consisting of land or buildings.

³ Ownership or interest in entities that are not publicly traded.

⁴ A form of private equity and a type of financing for startup companies with long-term growth potential.

⁵ A raw material or primary agricultural product that can be bought or sold, such as gold or wheat.

⁶ Caporal, J. (2023, October 2). *Alternative Investments of the Ultra Wealthy in 2023*, from <https://www.fool.com/research/high-net-worth-alternative-investments/>

Press Release

June 11, 2024

Page 2

professionals any questions they have regarding recommendations received. Investors are encouraged to remember that past performance does not guarantee future results. If you suspect potential fraud relating to an alternative investment and wish to file a complaint, visit the Department's website <https://www.finance.idaho.gov/> and select the "File a Complaint" tab or contact our office at 208-332-8004.

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