

Study Reveals Increased Interest in Alternative Investments

According to a study conducted by PENSCO, a majority of its clients (around 70%) would invest in non-traded, alternative assets if they knew more about them and had more access to them. PENSCO has taken steps to remedy this issue and assist clients with finding alternative investments.

PENSCO, an alternative asset custodian, specializes in helping advisors and their investors use Individual Retirement Account (IRA) assets to invest in vehicles such as private equity, hard assets, real estate, notes, and other non-traded assets. Self-directed IRAs give the owners more control over their investments.

The company's findings are based on a study involving 682 of PENSCO's clients who custody retirement assets in self-directed IRAs with the company. The study also revealed that 30% of clients felt portfolio diversification was the most important benefit of using their IRA to invest in non-traded alternatives while 28% felt the most important benefit was having the opportunity to invest in areas they had knowledge of. Half of the investors consider alternatives a core part of their portfolio and have no plans to alter their allocation.

"Over the past five years we have seen steadily growing interest from individual investors in using retirement dollars to invest in non-traded, alternative assets," commented Kelly Rodrigues, CEO of PENSCO. He continued, "While many are doing so to achieve diversification, we are also seeing individuals wanting to leverage the ability to grow their assets tax-deferred and to use less liquid retirement dollars to participate in longer term private placement opportunities,

especially in light of the growth of the crowdfunding space.”

The results showed that one in three investors was unfamiliar with any detailed or reliable information regarding non-traded alternatives and opportunities that exist. Clients expressed interest in learning more about investing directly vs. indirectly as well as learning more about IRA investment rules. People cited conversations with professionals, friends, family, and colleagues as their most helpful tools and resources.

In order to assist clients in finding and investing in private placements, PENSCO launched PENSCO Marketplace in August. The resource features crowdfunding sites and has pre-reviewed many of the offerings. In addition, the website features access to attorneys, financial planners and tax professionals who specialize in real estate, private placements and various other alternative investments.

“With the rise of crowdfunding platforms, the range of opportunities is multiplying and, as our study results show, investors and their advisors need additional support and resources to find investment opportunities that are appropriate for their long term goals,” added Mr. Rodriques. “We created the PENSCO Marketplace™ to be a go to resource to help individuals leverage alternative investment opportunities as part of their retirement planning.”