

What are liquid alternatives?

Liquid alternative products, such as alternative mutual funds and ETFs, help democratize alternative investments by putting them in the familiar fund structure with stringent regulatory requirements, a low minimum investment and ease of trading.

Many people invest in traditional investments like stocks and bonds because they are "liquid," which means there is ample supply on the market, making it easy to buy and sell with little notice.

A significant challenge of investing in some types of alternatives is illiquidity. Alternative assets like private equity, private debt, and direct holdings of real estate and infrastructure usually involve a structured entry and exit process and lengthy investment time horizon, since no readily accessible market exists for them. This illiquidity can make it difficult to trade on demand.

Another challenge of alternatives is access. Some alternative assets are rarely available on public markets and often involve a large financial commitment that most individual investors cannot undertake.

Liquid alternative products, such as alternative mutual funds and ETFs, address these challenges by putting these strategies in a familiar, liquid fund structure with a low minimum investment, ease of trading, and stringent regulatory guidelines.

Not only can average investors gain access to this complex market, but they also benefit from professional management by experts in alternative investing. This enhanced accessibility, convenience and liquidity has led to skyrocketing interest and investment in alternatives.

	Alternative funds	Conventional Mutual Funds & ETFs
Borrowing	50% of NAV*	5% of NAV with restrictions
Short selling	50% of NAV [*] (cash cover not required)	20% of NAV 150% of cash cover
Access to physical commodities	Generally limited to 10%	No limit
Concentration in one user	20%	10%
Leverage (gross aggregate exposure)	3x	None
Illiquid assets	10% of NAV	10% of NAV

Liquid alternative mutual funds, under the recent regulatory changes, are subject to similar ongoing disclosure requirements as conventional mutual funds and other prospectus-qualified investment funds. These regulations impose high standards of transparency and independent oversight in terms of the investment strategy, holdings and reporting for alternative mutual funds, which is beneficial for retail investors.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The content of this document (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.