

Van Eyk recommends more alternatives Traditional asset classes face headwinds

By Vishal Teckchandani- Investor Daily

Investors should turn to alternatives as high global debt levels and rising inflation threaten returns from traditional asset classes, van Eyk says.

Investors should consider boosting their alternatives exposure as traditional asset classes face a gloomy outlook due the state of the global economy, according to research house van Eyk.

"Exposure to a well-diversified portfolio of alternative asset managers of hedge funds, gold and direct property delivered investors double-digit returns last financial year and the fundamentals for the asset class suggest it could continue to perform strongly against more traditional assets like shares and bonds," van Eyk senior analyst John Wong said.

Wong said with many traditional asset classes facing headwinds from high global debt levels and the threat of negative real returns from rising inflation, investors could benefit from increasing exposure to alternatives as they had a low correlation with traditional assets.

"Investors are left with limited options in traditional asset classes and could expose themselves to the risk of either lower returns or positioned with an excessive level of investment risk in their portfolios," he said.

Investor Daily - Wed 07 September 2011