



2 Alternative Investments and How You Can Gain Exposure

Description

Investors should be well aware that having a diversified portfolio is key to achieving success over the long term. However, diversification can mean many things. Often, investors think about geographic diversification, where they invest in companies that are found in different global markets. While that's a good thing to consider, it's merely one part of the equation.

Another form of diversification is achieved by investing across different sectors. In theory, this hedges your risk by investing in companies that are uncorrelated. This means that during a market downturn, investors could see certain portions of their portfolios continue to thrive.

However, one form of diversification that isn't often discussed is the diversification of assets. Investors should hold uncorrelated assets. This means that your investment portfolio shouldn't only contain public equities. Instead, choose other forms of investment, like real estate and cryptocurrency. In this article, I'll discuss two alternative investments you should consider for your portfolio and how you can gain exposure.

Real estate and other real assets

Real assets are defined as assets that have intrinsic value due to their properties. Think of real estate, infrastructure, and utilities. Of those three investment niches, real estate is likely the most popular. However, it can be difficult for investors to enter the real estate market by buying physical properties. Fortunately, real estate investment trusts (REITs) exist. The best types of REITs to invest in are the companies that hold physical properties. These companies make money from rental income, thus providing a stable source of revenue.

My top choice among REITs is **Canadian Apartment Properties REIT**. This company holds residential properties in Canada and the Netherlands. As of its [Q2 earnings presentation](#), Canadian Apartment Properties manages approximately 67,600 suites and sites across its Canadian and European business. Investors can also consider an investment in retail REITs. These companies own retail spaces and thus obtain rental income from retail companies. Examples include **SmartCentres** and **RioCan**.

If you'd like to take a broader approach with respect to real assets, investors can consider an investment in **Brookfield Asset Management**. With a portfolio of more than \$625 billion, it is one of the largest alternative asset management firms in the world. Brookfield has exposure to the real estate, infrastructure, and utility industries.

It's not too late to get into cryptocurrency

Over the past year, [cryptocurrencies](#) have been very popular among investors. Unfortunately, it's very difficult for new investors to get into this space since there are so many coins, tokens, and NFTs being pushed to the public every day. If this area interests you, it would be a good idea to stick to one of the larger cryptocurrencies. For example, Ethereum has been the single greatest performer in my entire portfolio.

Because of the many processes required to own cryptocurrencies, investors often find this market intimidating to enter. However, the creation of cryptocurrency funds makes it easier for the everyday investor to add exposure to this form of alternative investment. For example, **Evolve** ETFs offers three different cryptocurrency funds. Its first was the **Bitcoin ETF**, which tracks the daily price movements of Bitcoin. Similarly, its **Ether ETF** tracks the price movements of Ether. Finally, its **Cryptocurrency ETF** holds both Bitcoin and Ethereum, hedging risk across two cryptocurrencies.

Investors should note that we're still very early in the cryptocurrency scene. Although that means massive gains could be had, investors should expect extreme volatility in these investments.

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