

Better partnerships: How alternative asset issuers can improve investor relations



In 2023, institutional fundraising for alternative assets experienced many challenges, resulting in headwind events like a 300% supply-demand gap in private equity, according to Preqin funding data, via Bain.

Other alternatives like real estate also felt the effects, suffering a 45% decline in successfully raised funds. The good news is that individual investors have shown increasing appetite in alternative investments, and they're looking to their retirement funds to enable those ventures.

“At Alto, we conduct the strongest possible issuer due diligence, working with issuers for clarity and transparency to protect the end investor. And at the same time, we help issuers grow.”



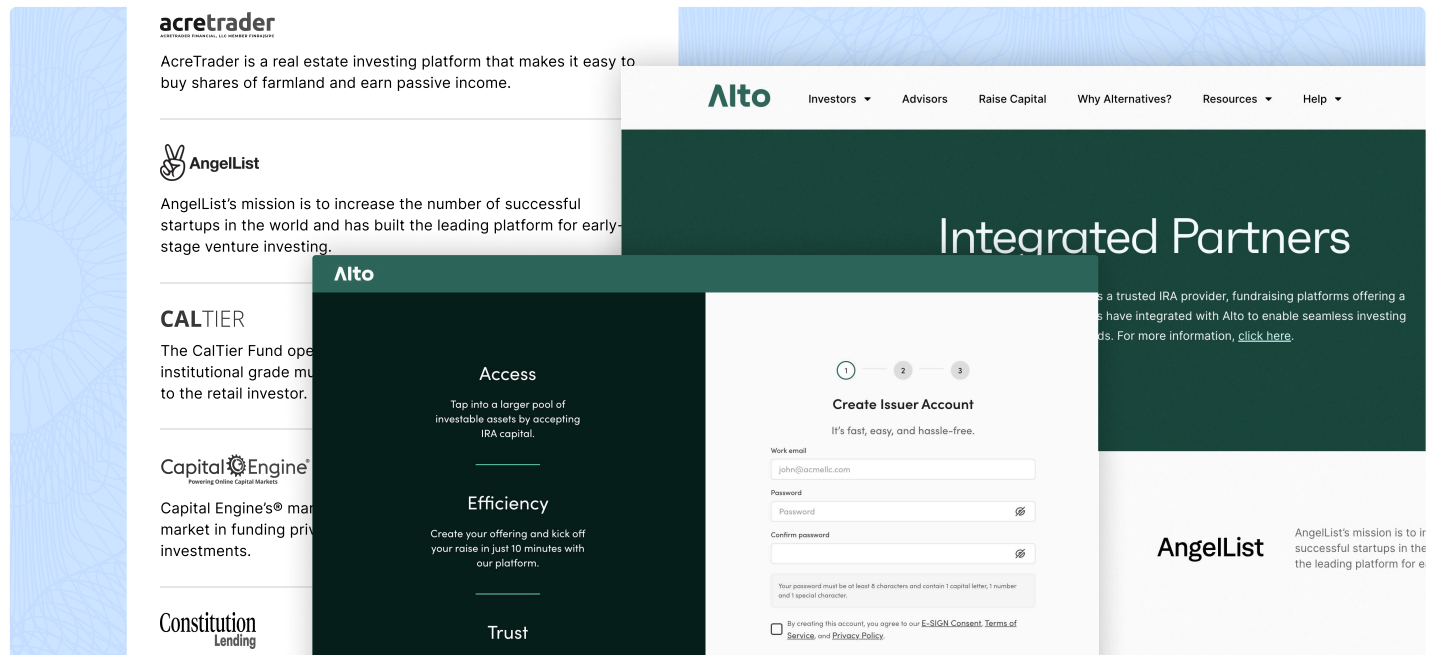
Kali Mon,
VP, Research & Analysis at Alto

However, issuers seeking to fundraise from individual investors sitting on \$17 trillion¹ in IRA capital must embrace the responsibility that such an opportunity requires. As diligent investors understand and vet investment targets, issuers must uphold substantial commitments on their end (which we'll unpack below).

¹ Investment Company Institute. The U.S. Retirement Market, Fourth Quarter 2024. As of December 31, 2024.

Find the right channel for tapping traditionally ignored capital sources

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Have experience in varied financial management roles that can emerge during investment deals

Look for a facilitator with a proven record of creating and enabling opportunities for issuer and investor discovery that can then turn into long term relationships.



Show ongoing curiosity about trends in investor preferences

Look for a platform that surveys investors and gathers insights, so issuers can grow and adapt their offerings to suit changing appetites reflective of evolving markets.



Help turn transactional connections into ongoing relationships

A good tool (and its team) should offer tech-forward solutions to legacy problems that provide mutual discovery and reciprocity between issuers and investors.

Engage in trust-building efforts to foster investor relationships

Trust is essential, both in established investment spaces and the [new frontier of investor relations](#). In fact, Kali advocates that successful issuers work to demonstrate their trustworthiness.

The reward of building foundational trust with investors is like training for a marathon. The race doesn't begin when the gun goes off at the starting line. It's won by intense training sessions in the months leading up to the event.

“When it comes to critical components, issuers should first build trust. Trust is the cornerstone in the finance world because we're dealing with people's money.”



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In the context of this emerging ecosystem — where retail investors cautiously put their retirement savings toward an alts issuer with a sense of aspiration and a dose of caution — trust manifests in a few observable ways.



Reliance on one another for insight

Just as issuers want to know about investors' motivations and interests, investors want to know how issuers will use their expertise to operate, grow, and return their capital.



Mutual willingness to learn and stretch

Investors are often venturing into new territory to access alternative investments. Issuers should return the favor by fostering new, perhaps more open investor relations practices that may seem unfamiliar, or even unnecessary at first.



Reciprocity

“Trust means having confidence that your partner will support you like you support them, and that you'll have each other's best interests at heart,” says Kali. With that ethos, issuers should strategize with every party's success in mind.



Proactive communication

The earlier you can make all disclosures, the better. Late-stage revelations can [notably threaten or even kill deals](#) by eroding trust.

When issuers champion investor relations, capital is just one potential benefit

When issuers work to nurture investor relations, it's not just the investors reaping the benefits. Issuers can win, too — and the capital opportunities are just the beginning.



You can start by finding the right partnership facilitator or platform, building foundational trust, and understanding your investors' values and motivations. As for next steps, seek out partners who share your vision of a mutually beneficial industry, for issuers and investors alike.

Looking ahead, Kali says Alto plans to nurture collaborative, bidirectional knowledge sharing.

“Alto can become an education hub where people not only come to us to find deals, but also as a networking spot. Investors can talk to investors, investors can talk to issuers, issuers can talk to issuers. Alto will be a point of connectivity, where everybody is both acquiring and providing knowledge in the alternatives space.”



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