

What do Americans think of alternative investments in 2024?

As confidence in the stock market continues to decline, interest in alternatives – especially cryptocurrency and real estate – is strong among Americans.

Alternative assets aren't new, but investors' interest in them has been on the rise.

[According to Harvard Business School](#), a shift toward self-directed investing, more companies staying private longer, and investors' increased interest in investing in non-correlated assets have fostered the popularity of alternatives over the past 15 years. Cryptocurrency's high-profile presence in recent years has also brought a great deal of attention to the space.

Perhaps less frequently discussed than the assets themselves are the people who have seen this media coverage of new investment opportunities in an evolving and dynamic space.

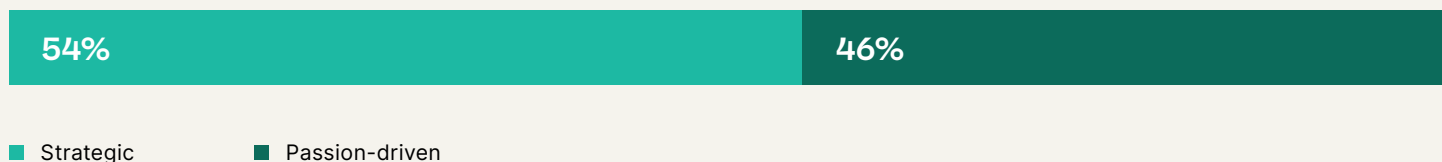
So, Alto decided to ask: what do Americans think about alternative investments? What have they invested in? How do they see alternatives fitting into their long-term strategies? And how do their investing strategies and interests affect those opinions and plans?

To find out, we surveyed 500 Americans, aged 30 to 65, from around the country.

There are many types of investors, but we focused on one particular dimension in this survey: investing style. We asked each respondent whether they were driven more by the assessment of risk-reward profiles of investment opportunities ("strategic" investors) or curiosity and excitement toward those opportunities ("passion-driven" investors).

We also allowed respondents to select the options of "A mix of both, but more strategic" or "A mix of both, but more passion." In general, we've combined those with the corresponding simpler answers.

Among our respondents, 54% self-identified as more strategic, while 46% were more passion-driven.



Here's what we found out.



76% of passion-driven investors reported holding alternative assets compared to 65% of strategic investors.

These investors were also more likely to hold a wider variety of assets in their portfolio than their more strategy-focused peers.



Investors with \$500,000 or more in retirement savings were more likely to favor traditional, more conservative assets like real estate.

They were also more likely than other groups to own bonds and certificates of deposit (CDs).



Real estate and cryptocurrency were the most interesting alternative assets to respondents.

When asked to choose which alternative asset they were most interested in, respondents split almost evenly between the two.



Lack of familiarity with alternative investments was the most significant barrier to investing in these assets.

Respondents also cited difficulty predicting long-term returns and high entry costs.



Only 44% of respondents were confident that the stock market can provide them with the income they need in retirement.

39% said that they expected alternative assets to beat the market over the next five years.

Passion-driven investors outpace strategic investors in the adoption of alternative investments

Passion-driven investors were notably more invested in alternatives than strategic investors. We asked respondents to choose from a list of traditional and alternative assets to let us know which they own.

Here's what they said:

Asset	% of respondents who reported owning this asset
Stocks	32.00%
Cryptocurrency	23.40%
Certificates of deposit	16.20%
Collectibles	14.80%
ETFs or mutual funds	14.60%
Bonds	14.40%
Real estate (REITs, real estate crowdfunding, rental properties, investment farmland, etc.)	10.00%
Private equity	4.40%
Commodities	2.60%
Venture capital	2.40%
Art (as an investment)	2.20%
Wine (as an investment)	1.40%
Asset-backed securities	1.40%
None of the above	20.60%

The fact that almost a quarter of respondents own cryptocurrency may be surprising to some, but it tracks with data from the past few years, including findings from [NBC, Morning Consult](#), and [PYMNTS](#), all of which found cryptocurrency ownership rates between 20% and 23%. New York Digital Investment Group estimated that [22% of American adults owned Bitcoin](#), a single cryptocurrency, in 2021.

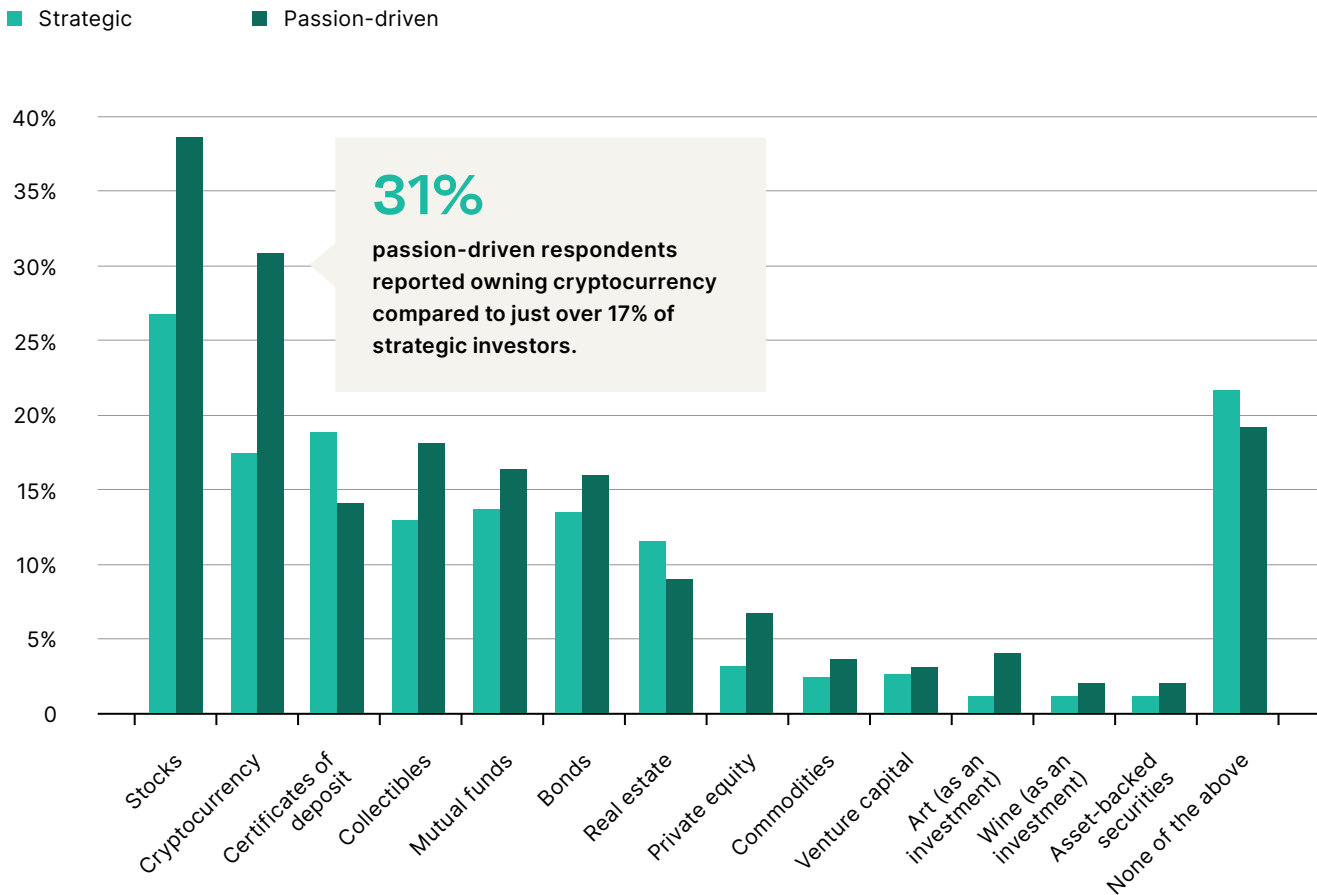
Cryptocurrency was almost twice as popular with passion-driven investors

The numbers change when we look at answers broken down by investor type:

Asset	% of strategic respondents who reported owning this asset	% of passion-driven respondents who reported owning this asset
Stocks	26.20%	38.86%
Cryptocurrency	17.34%	30.57%
Certificates of deposit	18.45%	13.54%
Collectibles	12.55%	17.47%
ETFs or mutual funds	13.28%	16.16%
Bonds	13.28%	15.72%
Real estate (REITs, real estate crowdfunding, rental properties, investment farmland, etc.)	11.07%	8.73%
Private equity	2.95%	6.11%
Commodities	2.21%	3.06%
Venture capital	2.21%	2.62%
Art (as an investment)	1.11%	3.49%
Wine (as an investment)	1.11%	1.75%
Asset-backed securities	1.11%	1.75%
None of the above	21.77%	19.21%

Asset ownership

We asked 500 Americans about which assets they own. Here's what they said, broken down by investor type.



It seems worth noting that 31 percent of passion-driven respondents reported owning cryptocurrency, compared to just over 17 percent of strategic investors, which seems in line with the popular public narrative that investment in cryptocurrency may be driven by the enthusiasm of investors embracing new technologies they care deeply about.

Why are strategic investors less invested in cryptocurrency? According to a [Pew Research Center study](#), 75% of Americans don't believe that the current ways to invest in cryptocurrencies are safe or reliable, and research has shown that volatility in the crypto market is [driven more by market sentiment](#) than [economic fundamentals](#).

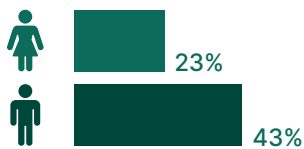
These factors may explain why strategic investors, who emphasize risk-reward assessment, showed little engagement in cryptocurrency in our survey. Strategic investors were more likely than passion-driven respondents to invest in certificates of deposit (CDs) and real estate, two historically dependable assets. Passion-driven investors were more likely to report owning every other type of asset.

This is a theme we'll come back to throughout this report; strategic investors were less likely to diversify through alternatives and tended to gravitate toward investments often considered more traditional and conservative, with more predictable returns.

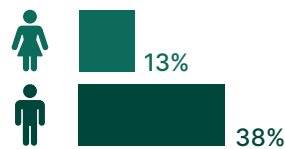
Women tended to align with strategic investors

In general, female respondents as a whole answered similarly to the respondents (including those of either gender) that think of themselves as more strategic. Women were much less likely to own stocks (23% of women vs. 43% of men) and cryptocurrency (13% of women vs. 38% of men). The numbers were much closer, however, on certificates of deposit (16% of women vs. 17% of men).

Stocks



Cryptocurrency



Certificates of deposit



Of course, the historical gender pay gap as well as women's [documented lack of confidence when it comes to investing](#) play a big role here, and may explain why women were less likely than men to own every* asset.

But women have also shown a tendency to be more patient and [risk-aware](#) than men when it comes to investing, possibly explaining their [better returns in the stock market](#). This may explain why they align with the more strategic group of our respondents.

Both types of investors are equally likely to have a retirement account

In addition to specific types of alternative assets, we also asked about tax-advantaged retirement accounts.

Here's what we found across the two groups:

Type of retirement account	% of strategic respondents who have an account	% of passion-driven respondents who have an account
401(k) or 403(b)	50.18%	49.78%
IRA or Roth IRA	30.63%	25.76%

Strategic investors were more likely to have an IRA than passion-driven investors, but not by a huge margin (31% to 26%), and half of both groups reported having a 401(k) or 403(b).

A notably lower number of women reported having retirement accounts. 42% of female respondents said they had a 401(k) or 403(b), and 23% had an IRA. 60% and 35% of men reported the same, respectively.

401(k) or 403(b)

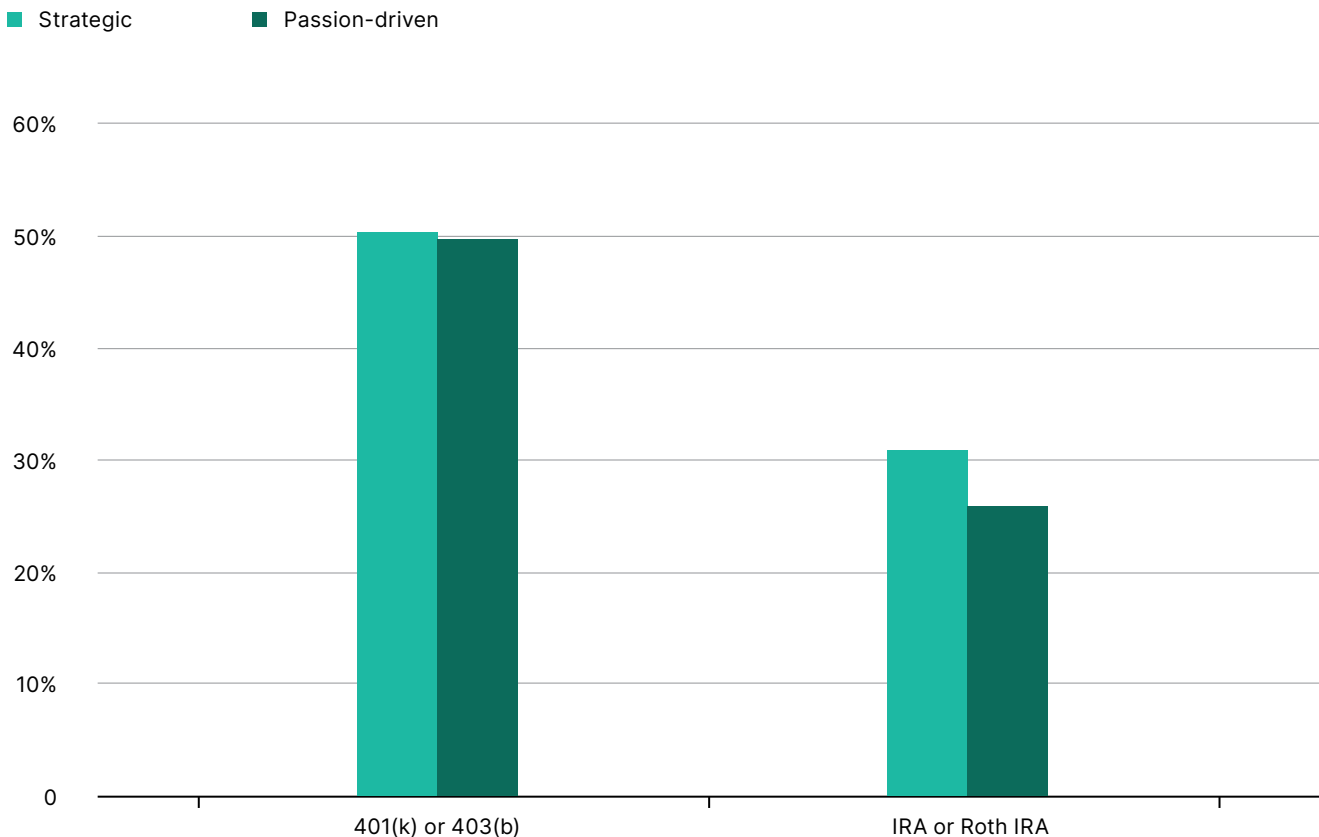


IRA



Retirement account ownership

We asked 500 Americans whether they had a retirement account. Here's how many said they do, broken down by investing style.



While we'd like to see higher numbers of retirement account ownership, it is good to see that Americans know the importance of tax-advantaged accounts.

Cryptocurrency and real estate were the most interesting alternative assets to most respondents

We've seen which assets Americans own, but which are they most interested in overall? Each respondent in our survey chose a single alternative asset that they were most interested in.

Cryptocurrency was the most interesting to our respondents, but it barely edged out real estate (which, as we pointed out in the survey, could include multiple types of investments that may not be as prohibitively expensive as buying a rental property or investing in a commercial real estate project).

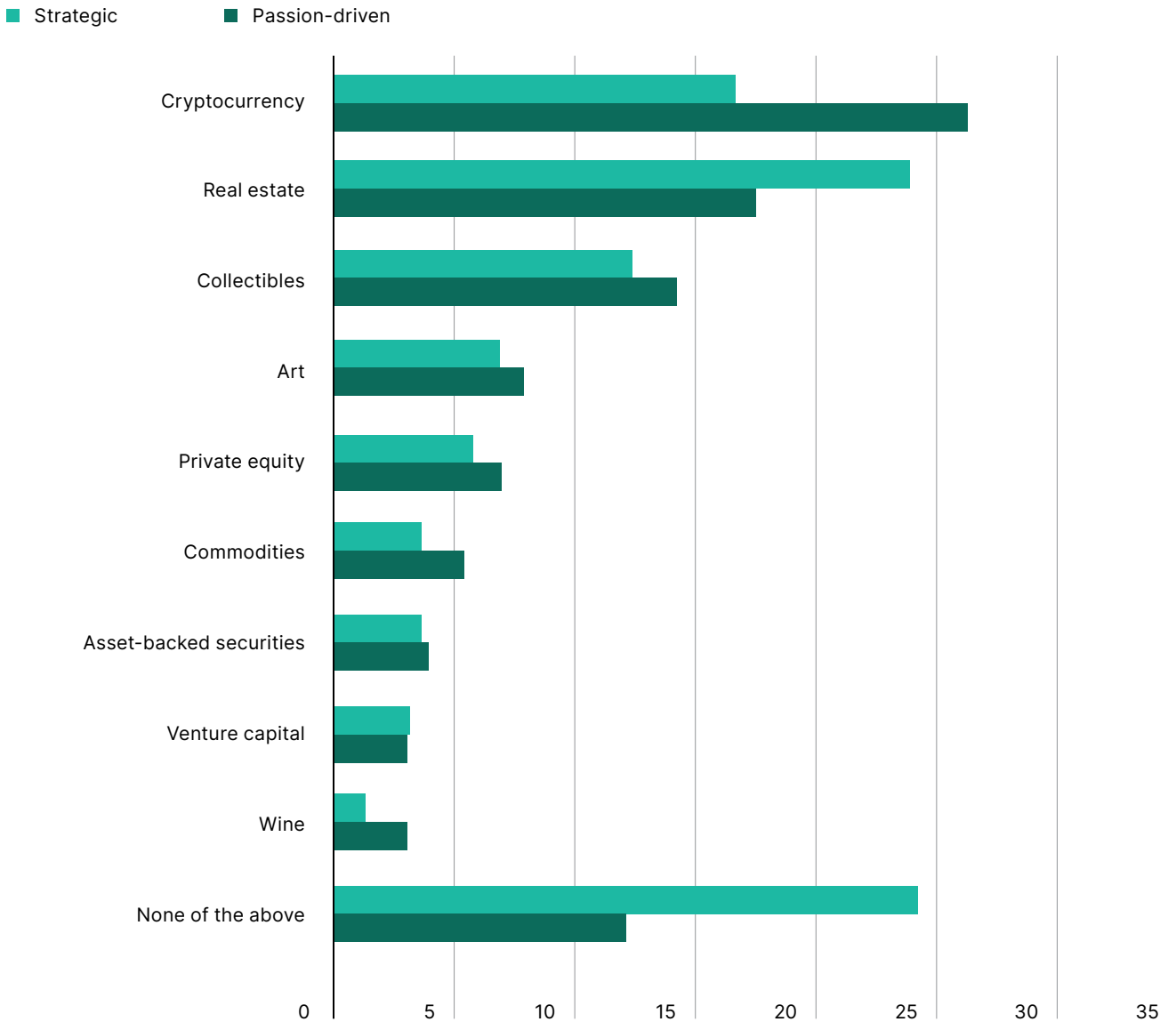
Reflecting the trend in the previous question, passion-driven respondents were most interested in cryptocurrency, with 26% choosing the asset as the most interesting. Strategic respondents similarly focused on real estate with 23% of them choosing that as the most interesting.

Here's what they said:

Asset	% of respondents who selected this asset as the most interesting
Cryptocurrency	21.20%
Real estate (REITs, real estate crowdfunding, rental properties, investment farmland, etc.)	20.60%
Collectibles	13.40%
Art (as an investment)	7.20%
Private equity	6.20%
Commodities	4.00%
Asset-backed securities	3.20%
Venture capital	2.60%
Wine (as an investment)	1.80%
None of the above	18.60%

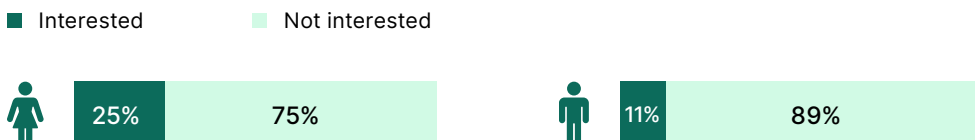
Alternative asset interest

We asked 500 Americans about the types of alternative assets they're most interested in. Here's what they said, broken down by investing style.



It's worth noting here that 24% of strategic respondents said that none of the above were interesting, further cementing the idea that they haven't fully embraced the idea of alternatives yet. Again, women aligned with strategic investors, with 25% of them saying they weren't interested in any of the options, compared to 11% of men.

Strategic investors' interest on alternative investments, broken down by gender.

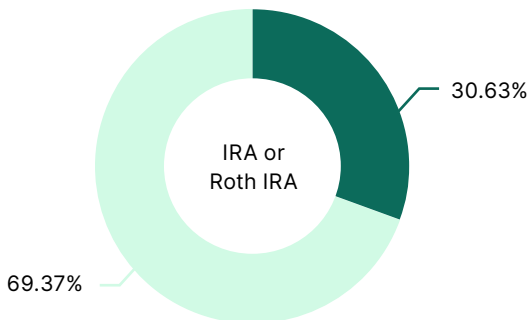
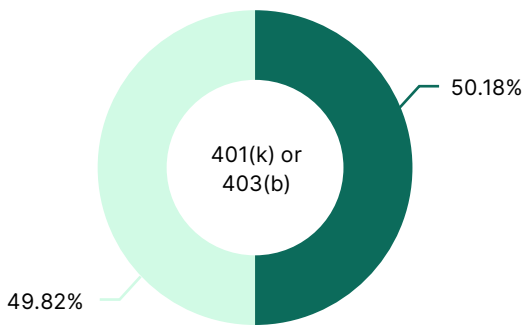


Investors aren't taking full advantage of tax-Advantaged accounts for their alternative assets, yet

We mentioned previously that about half of our respondents reported owning a 401(k) or 403(b), with just under 30% saying they had an IRA. Because we focus on using self-directed IRAs to invest in alternative assets, we wanted to know how many investors with alternative assets already hold some of their alternatives in tax-advantaged accounts.

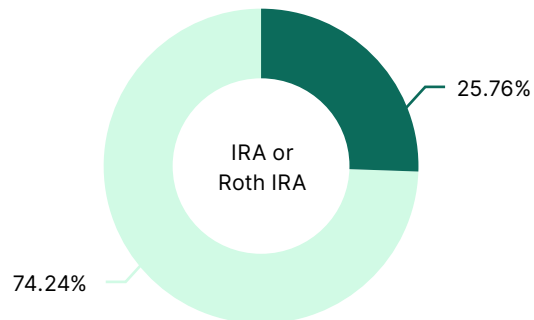
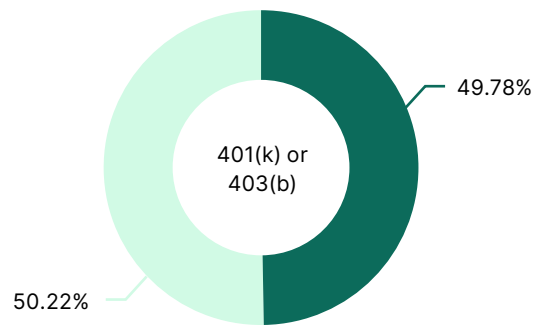
Strategic respondents

■ Own an account ■ Do not own an account



Passion-driven respondents

■ Own an account ■ Do not own an account



40% of respondents with alternative assets report holding at least some of them in a tax-advantaged account, while 18% weren't sure.

40%

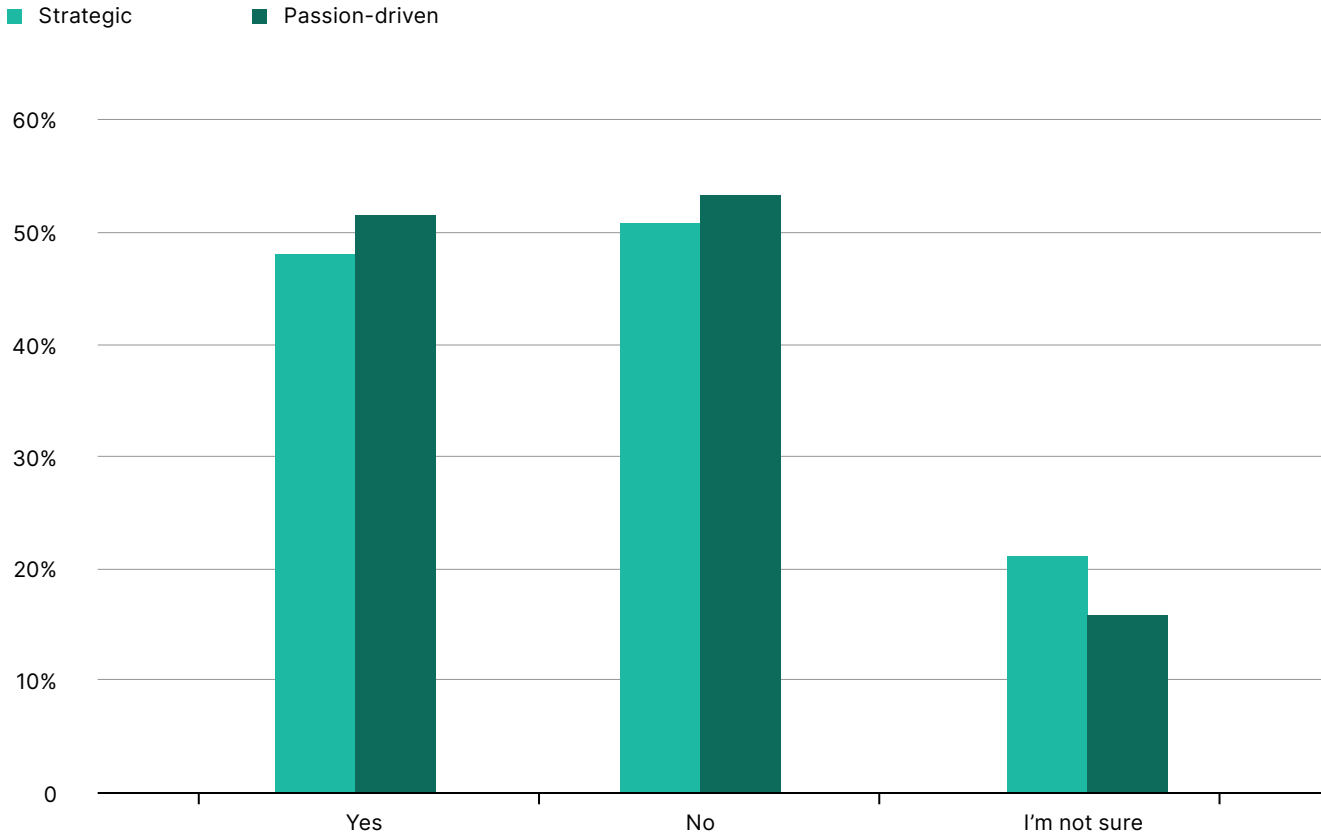
of respondents with alternative assets report holding at least some of them in a tax-advantaged account

18%

of respondents weren't sure

Alternative assets held in tax-advantaged accounts

How many investors who hold alternative assets keep at least some of them in a tax-advantaged account like an IRA? Here's what our respondents said, broken down by investing style.



The fact that many investors held some of their alternative assets in a tax-advantaged account is heartening, but we posit that it's also a missed opportunity for those not doing so. Alternative assets have the potential for earning notable returns, and the tax savings from using an SDIRA to invest in them can be substantial over time.

65%

of investors who reported having at least \$500,000 in retirement savings had at least some of their alternative assets in a tax-advantaged account.

This may indicate an increased savviness in the investment strategies of more wealthy investors. Regardless of the cause, whether these wealthier investors in alts are likely to be more experienced investors or might just have more resources for financial planning, we're excited to see that allocation number higher.

Respondents report limited confidence in the stock market going into 2024

Everyone has their own reasons for investing in alternative assets, but our survey shows that some investors may be interested in alternative assets because of a lack of confidence in the stock market.

This isn't a huge surprise, as [Yale's One-Year Confidence Index](#) for the U.S. stock market has been going down fairly consistently since 2004 (for individual investors).

The stock market is often a significant source of retirement income for many investors, and yet, only 44% of our respondents were somewhat or very confident that investments in the stock market will provide them with the retirement income they need.

How confident are you that investments in the stock market will provide you with the retirement income you need?	% of respondents
Very confident	14.20%
Somewhat confident	29.40%
A little confident	31.60%
Not confident at all	24.80%

This is consistent across investor types, though investors with \$500,000 or more in retirement savings are notably more confident, with only 21% saying they're a little or not confident at all in the stock market's ability to provide.

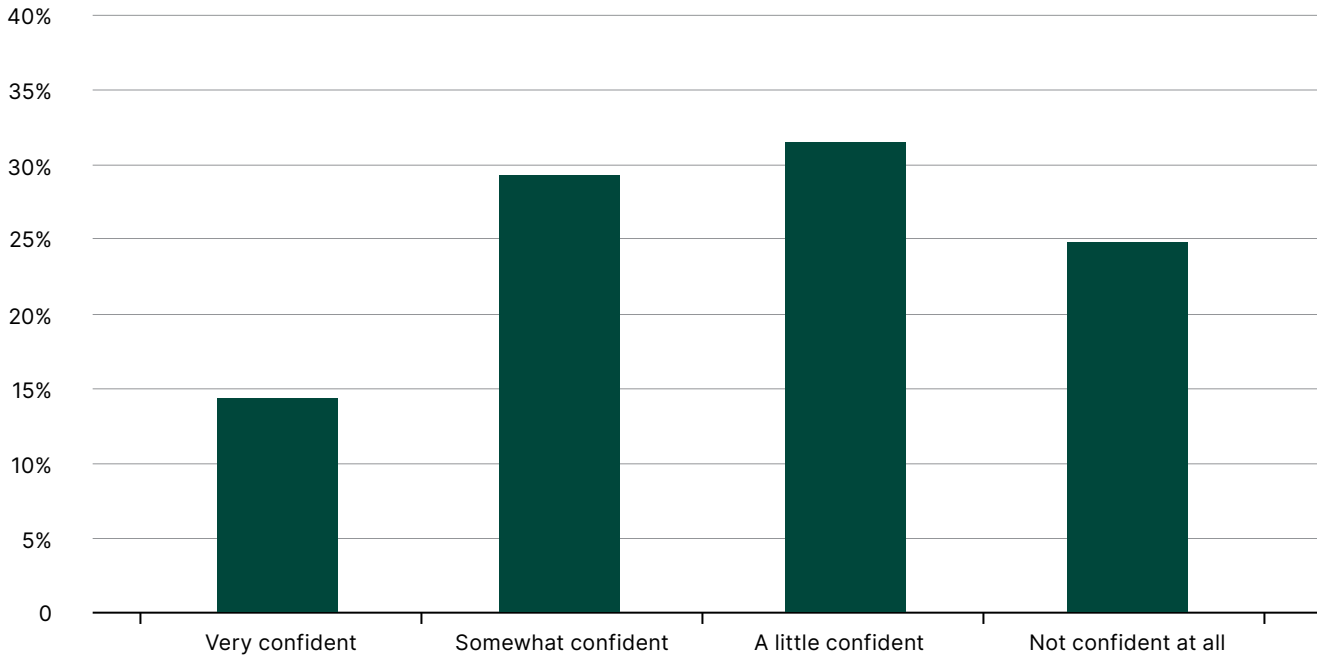
There's also an interesting variation across age groups, with younger respondents tending to have more confidence in the stock market's ability to fund their retirement:

How confident are you that investments in the stock market will provide you with the retirement income you need?	% of respondents ages 30-39	% of respondents ages 40-49	% of respondents ages 50-59	% of respondents ages 60+
Somewhat or very confident	54.78%	35.55%	37.00%	36.37%
Not confident at all or a little confident	45.23%	64.45%	73.00%	63.64%

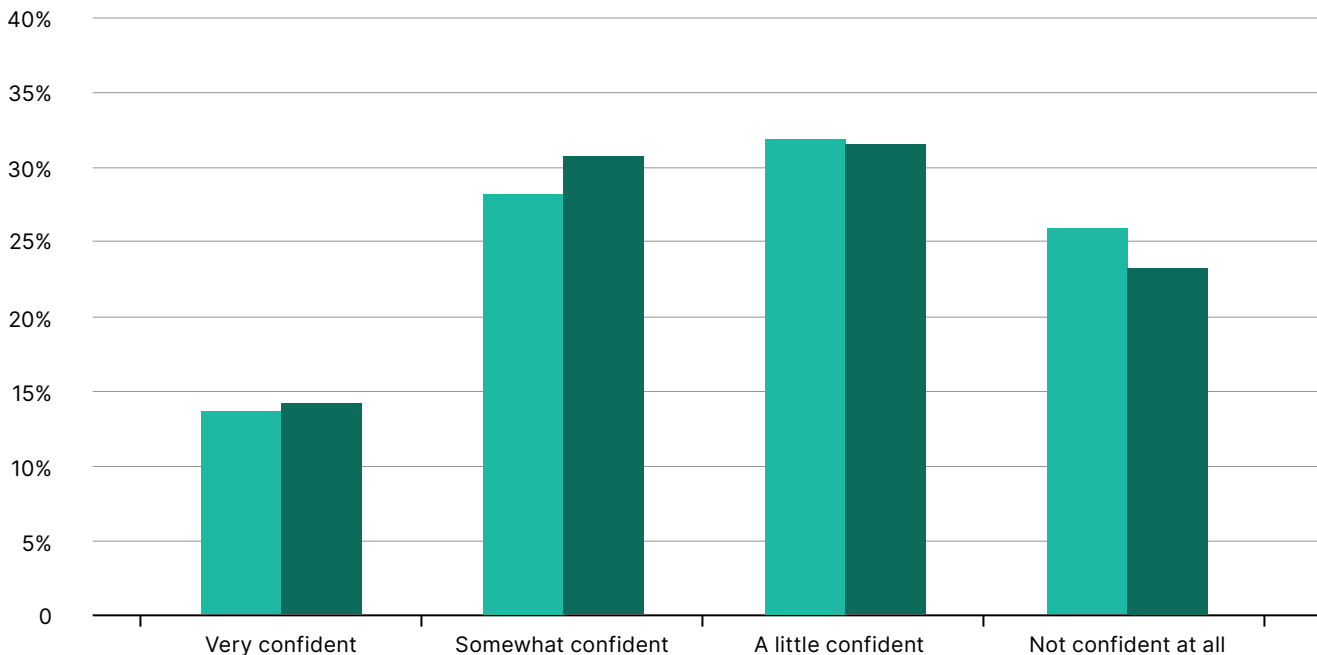
Confidence in the stock market

How confident are investors that the stock market will provide them with the retirement income they need? The answer varies greatly between groups.

■ All respondents



■ Strategic ■ Passion-driven

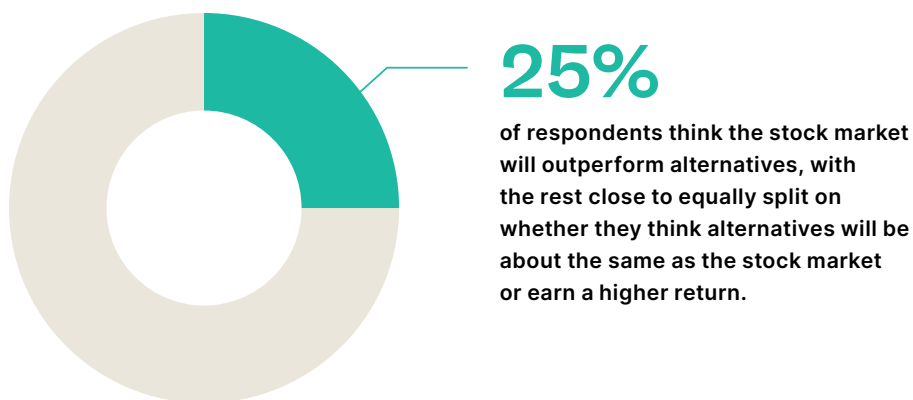


Americans aren't sure how alternatives will perform

What about the alternatives market? How do Americans think alternatives will perform against the stock market in the near future? In general, they feel that alternatives will do at least as well as the stock market.

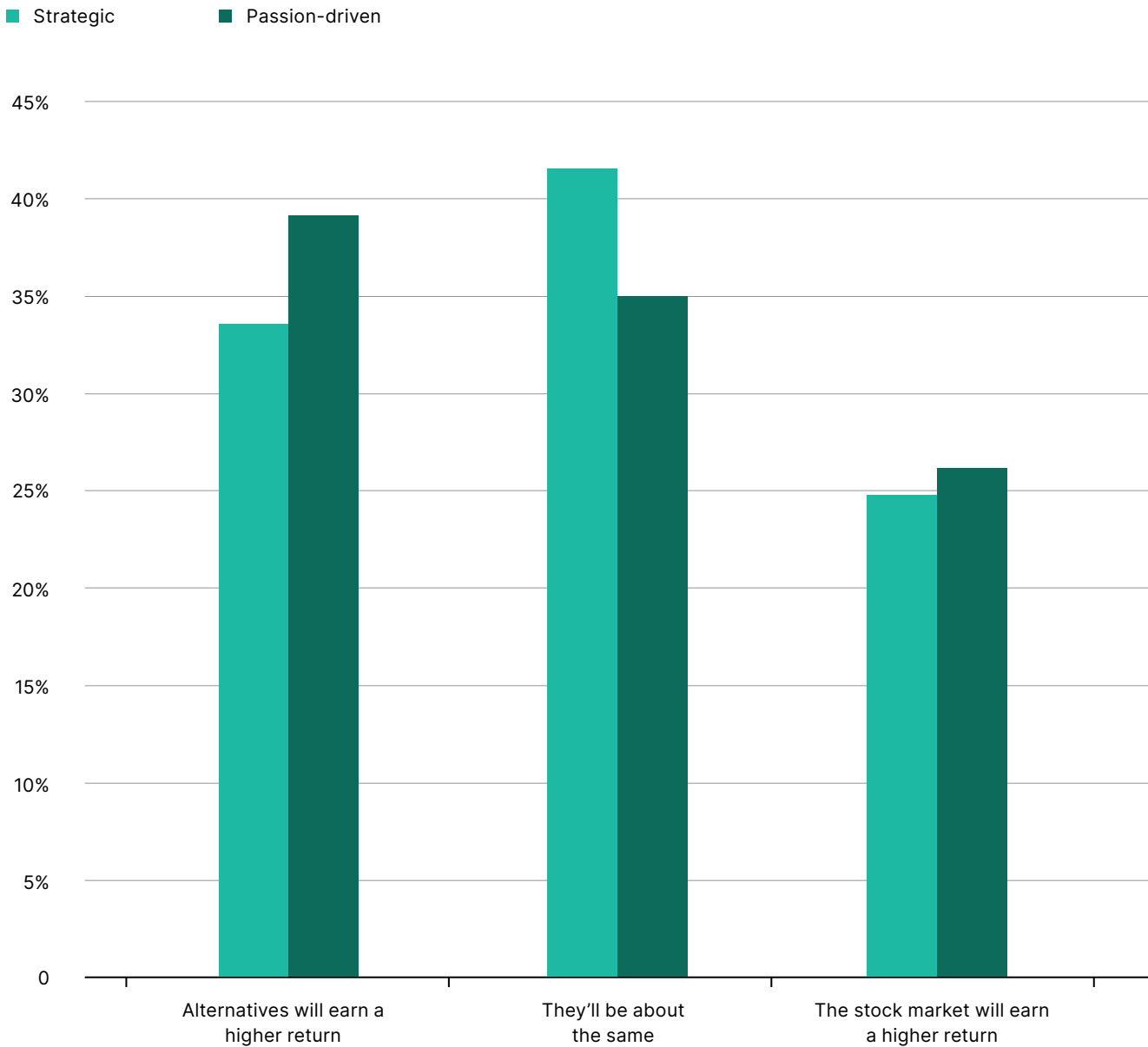
How would you expect alternative investments like real estate, private equity, private debt, cryptocurrency, or art to perform compared to the stock market over a period of 5 years?	% of respondents
Alternatives will earn a higher return	36.00%
They'll be about the same	38.60%
The stock market will earn a higher return	25.40%

This was the consensus among multiple groups in our survey, though investors with at least \$500,000 in retirement savings were much more confident in the stock market than others and passion-driven investors were more confident in the alternatives market.



Predictions for alternatives

How do Americans think alternatives will perform against the stock market over the next 5 years? There was little consensus.



In the end, it looks like people are confident in what they invested in (the causal direction is, of course, up for debate), though most respondents were skeptical of the stock market.

Lack of familiarity is the primary barrier to investing in alternatives

So if Americans are skeptical of the stock market and largely interested in at least some alternative assets, what's keeping them from investing?

Here's what we learned by asking investors who have at least some portion of their portfolio invested in alternative assets about the difficulties they faced when investing (note that respondents could have provided multiple answers):

What difficulties did you face in investing in alternatives?	% of investors with alternative assets who encountered this barrier
Lack of familiarity	36.30%
Difficulty predicting returns	34.52%
High entry costs	32.03%
Limited liquidity options	27.40%
Lack of resources to effectively research	22.78%
Regulatory concerns	22.42%
None of the above	8.19%

Three barriers stood out above the rest:

 <p>A lack of familiarity with alternative assets</p>	 <p>Difficulty predicting the long-term returns of these assets</p>	 <p>High entry cost of exploring alternatives</p>
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Lack of familiarity as a deterrent to investing into alternatives is especially interesting to us, as we consider it a primary purpose to help investors understand how they can use alternative assets to diversify their portfolio, while providing them the access to do so.

Almost one-third of Americans haven't heard of alternative investments

This lack of familiarity is further shown by another interesting fact that came out of our survey: almost a third of Americans haven't heard of alternative investments. Only 20% of our respondents said that they're either knowledgeable about or experts in alternatives.



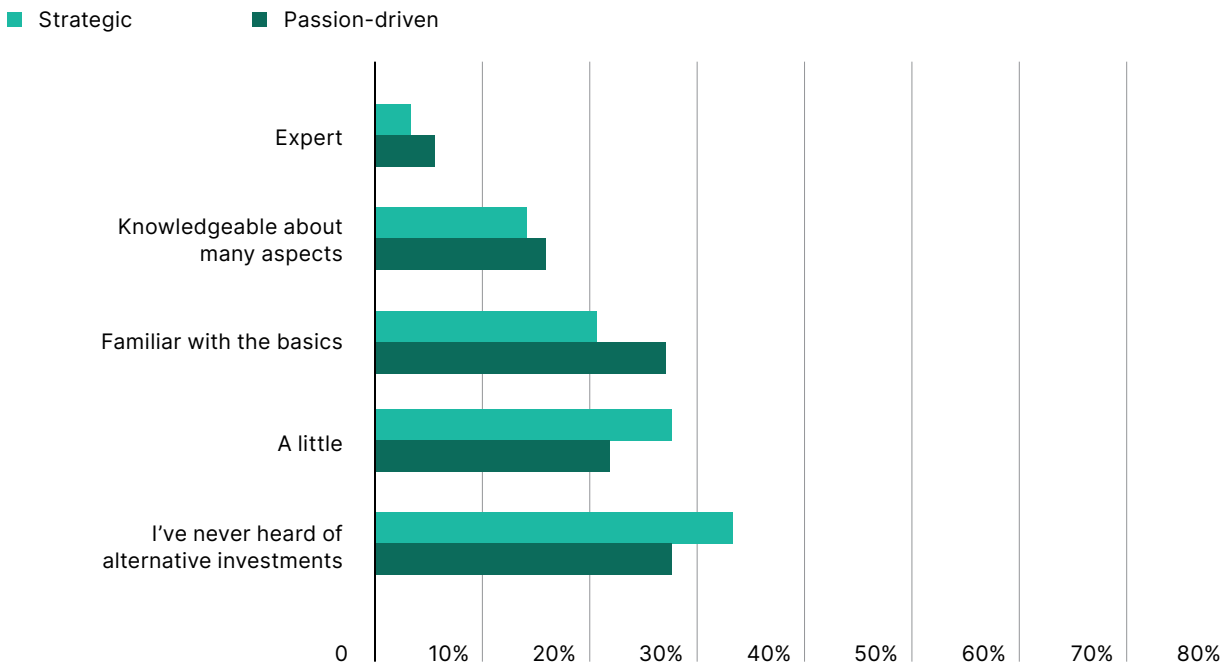
20%

of our respondents said that they're either knowledgeable about or experts in alternatives.

Knowledge of alternative investments

How much do Americans know about alternative investing? We asked them, and the answers varied widely depending on other factors.

When looking at people who reported holding no investments at all, that number jumps to 73%.



It makes sense that non-investors are less likely to have heard of any particular type of asset. But the fact that so many Americans haven't heard of alternatives when they can be an effective method for increasing risk-adjusted returns is something Alto feels strongly about changing.

What can we say about Americans and alternatives in 2024?

Americans feel they lack knowledge on alternative investments, but are interested in learning more about cryptocurrency and real estate

It seems apparent from our survey responses that Americans vary greatly in how they think about alternatives. But we feel confident in saying that our results do show that both investors and non-investors are interested in alternative assets – especially cryptocurrency and real estate. And given a lack of reported confidence in the stock market, alternatives seemed poised to offer a great solution for portfolio diversification.

Despite the apparent opportunity, Americans represented by the survey respondents don't seem to know a whole lot about alternatives. Almost a third of our respondents had never heard of alternative assets, and even among those who've already invested in alternatives, 36% said that a lack of familiarity with alternatives made it harder to invest.

Many Americans are ready to rethink investing for retirement, and to that end we're trying to make information more accessible to investors. In the future, we hope that everyone thinking about retirement knows about alternatives, understands their diversification options, and makes the most of tax-advantaged accounts.

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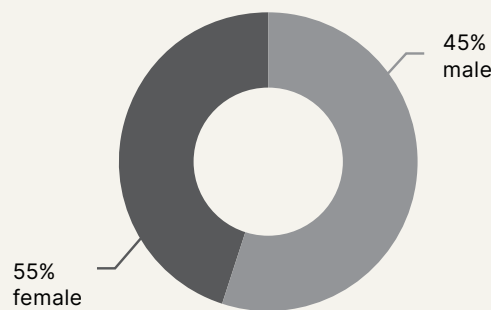
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Methodology

This survey was distributed on November 14, 2023, to a nationally representative sample of 500 Americans ages 30 to 65 through the Pollfish survey platform.

Respondents were 55% female and 45% male.



* Technically, in the survey results, women were more likely to own asset-backed securities (1.45% of women respondents reported owning this asset, while 1.34% of men did so). However, this amounts to a total of four women and three men, which is not a large enough sample to be highly confident in. It's reasonable and much easier to treat this as an outlier.

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