

An introduction to venture capital investing with Alto

As an alternative asset, venture capital is an increasingly interesting option to diversify individual portfolios, while potentially reducing risk and offering private market growth potential. Venture capital has garnered impressive results, even since the market turbulence of 2021, while **\$240 billion** was invested in the sector in 2022 alone. Now, individual investors can tap into the market too while strategically investing for retirement.

Investing in alternative assets can offer portfolio diversification



While more than half of investors actively invest in **traditional public market investments** — like stocks, bonds, mutual funds, and ETFs — **high-net-worth individuals** and institutional investors tend to allocate at least **10%** of their portfolios to alternative assets.

This strategy is rooted in the fact that alternatives can contribute greatly to portfolio diversification.

Alternatives are largely non-correlated to the public markets

The stock market is typically dependent on interest rates, the bond market, and the economy, while a notable amount of inflow goes directly to index funds. In fact, as of 2021, roughly **\$11 trillion** was invested in index funds.

As for the bond market, **CNBC reports** that if the yield on ten-year bonds reaches **4.22%**, more money goes into the stock market. Conversely, if yields reach **4.35%**, more money goes into bonds. This means investors are faced with a tight range of bond volatility tied to interest rates.

3 reasons to consider adding venture capital to your portfolio



\$240B

of venture capital was invested in the United States in 2022 alone.

Venture capital is a popular option for early-stage companies to finance their initial operations before they begin earning revenue and achieving profit to self-fund growth.

Venture investing has often helped companies that have become widely considered as revolutionary, like Google, Uber, or Meta. Many such companies have changed the world, and that's reflected in the pure size of the venture ecosystem.

Here are a few of the attributes that have attracted investors to this asset class.

1 Venture capital has shown resilience to recent headwinds

When you invest in VC, you invest in an asset class that demonstrates persistence in turbulent markets. For instance, even as volatile market conditions took hold in 2021, venture capital raised, deal activity, and exit values in the U.S. all **continued to rise**.

2 Value shifting from public to private markets

Over the past two decades, we've seen public markets shrink and private markets accrue more value. On a macro scale, there are **half** as many public equities as there were 20 years ago, while cash and growth opportunities shift to the **private side**.

3 Portfolio diversification & risk mitigation

Venture capital is **largely uncorrelated** to the public markets, offering diversification that can help investors **mitigate risk and potential losses**.

Alto partners with venture capital firms to offer individual accredited investors access

Many investors have known venture capital as an alluring asset class — it just hasn't been easy to participate. That's changing as innovative new firms make the exciting world of venture capital more accessible.

Alto looks to drive the trend forward through partnerships with two venture capital firms:



Alumni Ventures

Alumni Ventures provides nearly 10,000 individual investors access to venture capital portfolios



Kearny Jackson brings a track record of spotting top founders first

Venture capital can anchor a portfolio for long-term return potential

Alternative assets like venture have long been accessible to high-net-worth individuals and institutional investors. Now, the means exist for nearly any accredited investor to participate in venture capital and diversify their retirement portfolio. There are many compelling reasons to consider an investment in alternatives like venture, including:



1. Resilient performance during turbulent markets



2. Accessing capital potential that's shifted into private markets



3. Diversification and risk mitigation, thanks to low correlation with public markets

Alto

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