



OPPORTUNITY

PRIVATE CAPITAL

Economic Snapshot April 2024

<p>LOCAL ECONOMIC INDICATORS 30 April 2024</p> <ul style="list-style-type: none"> All-Share Index 30 Apr 2024: +- 76,076 All-Share Index 30 Apr 2023: +- 77,533 Market PE ratio: 12.6 USD/ZAR R18.64/\$ South Africa 10Y Government Bond yield: Current 10.90% <p>(Data: Bloomberg; SimplyWallSt; Tradingeconomics.; Google Finance.)</p>	<p>NEWS</p> <ul style="list-style-type: none"> In the soap opera that is American politics, the Supreme Court may only reach a decision on Donald Trump's immunity appeal in late June '24. His other pending cases could therefore effectively avoid trial prior to elections. 23 Chinese swimmers tested positive for banned substances before the 2021 Olympics, with many of these going on to win medals. They have been cleared – apparently a result of ingesting tainted food. Hmmm. Not sure this story is over. On the home front, the Democratic Alliance announces a historic new economic policy with a detailed roadmap of how to dramatically reduce unemployment in South Africa. It is projected that this could create over two million jobs over the next five years. Frankly, if this initiative has even half a chance of succeeding, we all need to be in support of it.
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The Rise of Alternative Investments

Well, well, well, the high inflationary environment over the last few years has seriously eroded the purchasing power of consumers around the globe. The muted returns achieved by investors in the traditional sector has not shown a clean pair of heels to the ever-present shadow of rising prices in recent years. So, where to now?

For many, the answer lies with alternative investments, which according to (Pickel, 2023) "are usually a way to get a direct stake in parts of the economy using more practical analysis. They also offer some distance from the markets' mood." Importantly, they offer the potential for better returns.

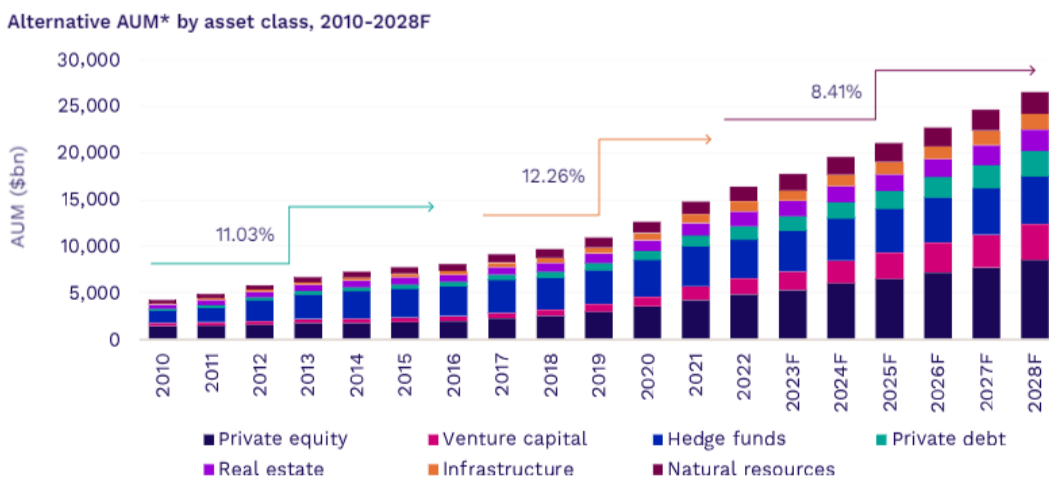
Investing in alternatives offers investors a range beyond what is available on public markets. The scope is broad and encompasses, among others, Private Equity (venture capital/growth equity etc.), Debt Investing (private/distressed debt), Hedge Funds (managed funds), Commodities (oil, precious metals etc.), Collectibles (whiskey/art etc.) and Real Estate (properties/development projects). In short, much to choose from.

The increase in demand globally over the last couple of decades has been meteoric – prior to the 2008 Global Financial Crisis the alternatives industry managed around \$2.2 trillion AUM (Assets Under Management) with this demand expected to rise to \$17.2 trillion AUM by 2025. (Sawhney, 2022).

Interestingly, the average retail investor has viewed alternative assets with skepticism, preferring the exposure to traditional investment offerings. In contrast, 'alternatives' have been staples in the portfolios of high-net-worth investors for an exceptionally long time. So, why has it taken so long for others to catch on? One of the answers may lie in accessibility, with the barriers to entry to such investments decreasing constantly. Now, the average investor really has some choices should they be intent on winning the battle against inflation. And with the growth in demand being witnessed in the alternatives space it seems this message is getting across. It certainly looks as though Alternative Investments are fast becoming the 'go-to' option to supplement a cohesive investment strategy.

GRAPH OF THE MONTH

Growth in Alternative Asset Investments Globally



Compiled by Nick Morgan - Co-founder and Director, Opportunity Private Capital.