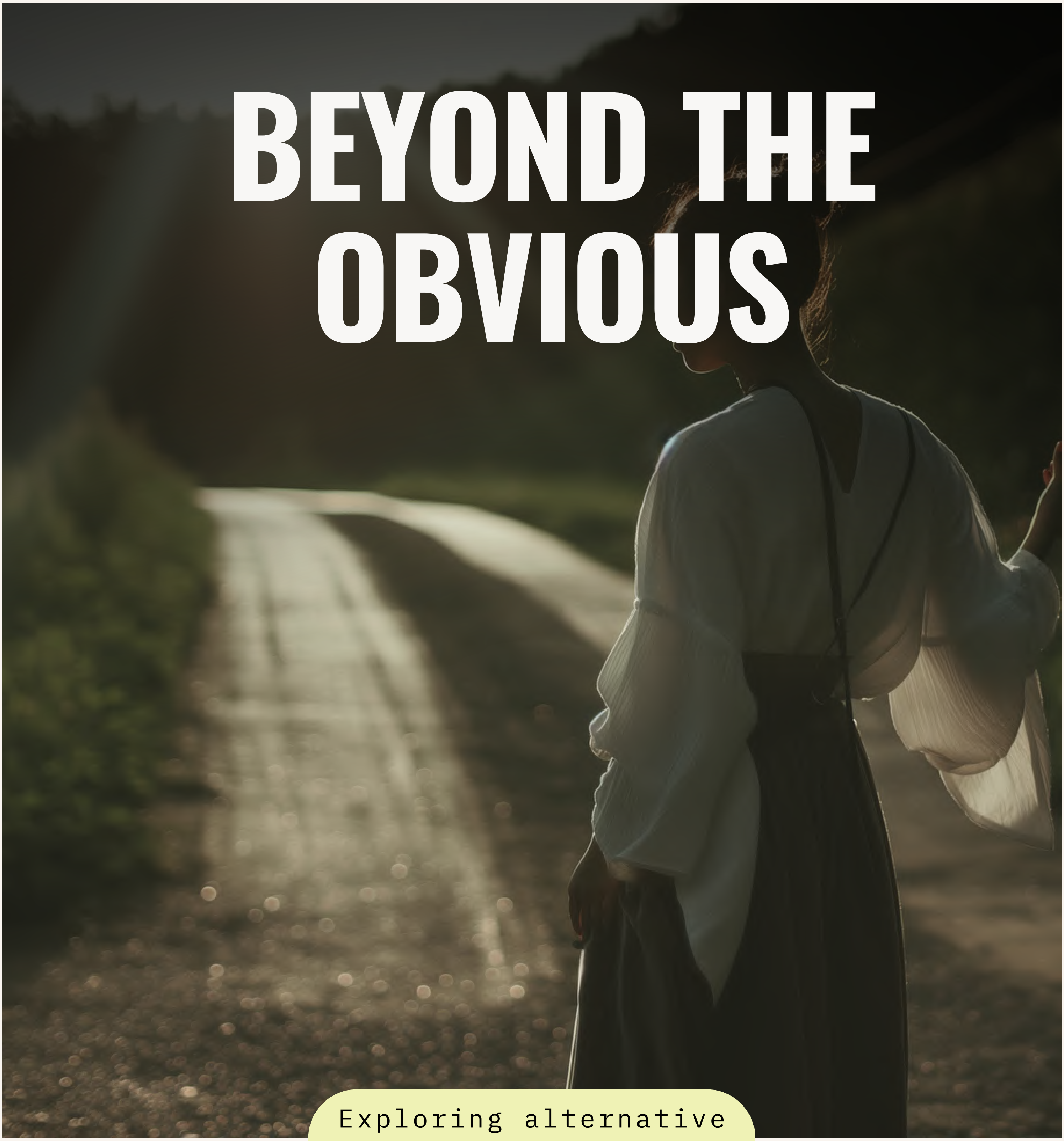
BEYOND THE OBVIOUS



Exploring alternative investments

STRATEGIES FOR ALTERNATIVE WEALTH


Is there more out there?

The Alternative Investment Gender Gap: Marketing to Female Clients

By Barbara Stewart, CFA

Posted In: Alternative Investments, Drivers of Value, Economics, Equity Investments, Fixed Income, Future States, Investment Topics, Leadership, Management & Communication Skills, Philosophy

Why do men allocate twice as much of their assets to alternative investments as women do? That's one of the questions I asked 52 successful investors around the world for my "Women & Alts: A Global Perspective" white paper, which was released today. Some of the answers may surprise you. In this blog post, I identify women's favorite alternative investments, the marketing strategies that *do not* resonate with women, and those that *do*.

WOMEN ARE UNDERREPRESENTED IN ALTERNATIVES — YET INTERESTED.

FEAR, NOT ABILITY, DRIVES THE GAP.

The defining characteristic of alternative assets is their relative lack of correlation with standard asset classes such as traditional equities and bonds. Adding alts to a portfolio improves overall diversification, reduces risk, and should lead to higher long-term returns.

Nobody agrees on the definition of alternative investments, there are many kinds of alts, and the categories are expanding over time. Through my research this summer, I identified the top 10 alternative assets that resonate with women and list them, in no particular order.

Women's Top 10

- Private equity
- Art
- Private credit/debt
- Gold
- Non-primary residence real estate
- Startups
- Angel investments
- Wine
- Collectables
- Infrastructure assets

Do women want alts? The answer is a resounding Yes. Women need and deserve equal access to the world's fastest-growing asset class.

Personal Finance + Add to myFT

Women's lack of confidence widens gender investment gap, study finds

More men choose to invest, while a higher proportion of women prefer to hold on to cash

The UK's gender investment pay gap is higher than the gross domestic product of Poland or Argentina © Jason Alden/Bloomberg

WOMEN TEND TO HOLD MORE CASH AND INVEST MORE CONSERVATIVELY, AND CONSERVATIVE BEHAVIOUR HAS OPPORTUNITY COSTS.

Women invest more conservatively than men

A big part of growing wealth and ensuring enough retirement income is investing in a manner that can outpace inflation. By and large, that means loading up on stocks, which are riskier than bonds but have historically delivered stronger returns.

Most research indicates that women have a tendency to shy away from stocks, despite the growth potential that comes with them.

To some degree, a modest fear of risk is a good thing. In fact, Fidelity reports that women are more likely to have their long-term savings invested in an age-based allocation, like target-date funds, than men.

But women may be taking their trepidation to an unhealthy – or rather, unprofitable – extreme. For Millennial women, 56% say fear holds them back from investing, according to SoFi and Levo League. That's unfortunate, because millennial women have a long investment horizon and ample time to ride out the stock market's ups and downs.

WHAT WE'RE COVERING

TODAY IS

AN EDUCATIONAL OVERVIEW

A CHANCE TO UNDERSTAND THE BIG PICTURE

A CONVERSATION ABOUT FINANCIAL EMPOWERMENT

IS NOT

PERSONALIZED FINANCIAL ADVICE

A PRODUCT SALES PITCH

NOT ABOUT ‘SHOULDS’ OR ‘MUSTS’

TODAY IS ABOUT AWARENESS, NOT ADVICE

INVESTORS NEED NEW SOURCES OF RETURN AND DIVERSIFICATION.

The classic 60/40 portfolio worked beautifully for decades because of one key relationship:

When stocks fell, bonds usually rose — providing balance and income.

This isn't always the reality anymore.

- **Rising Interest Rates Hurt Bonds**
- **Inflation Erodes Real Returns** (Alts can help preserve real (inflation-adjusted) returns.)
- **Stock and Bond Correlations Have Risen**
- **Private Markets Capture "Illiquidity Premiums"**

WHAT *are* ALTERNATIVE INVESTMENTS?

ALTERNATIVE INVESTMENTS ARE ASSETS OUTSIDE TRADITIONAL STOCKS, BONDS, AND CASH — DESIGNED TO ADD NEW SOURCES OF RETURN AND DIVERSIFICATION.

CHARACTERISTICS

Illiquid

Harder to buy/sell daily

Investors earn a premium for patience

Uncorellated

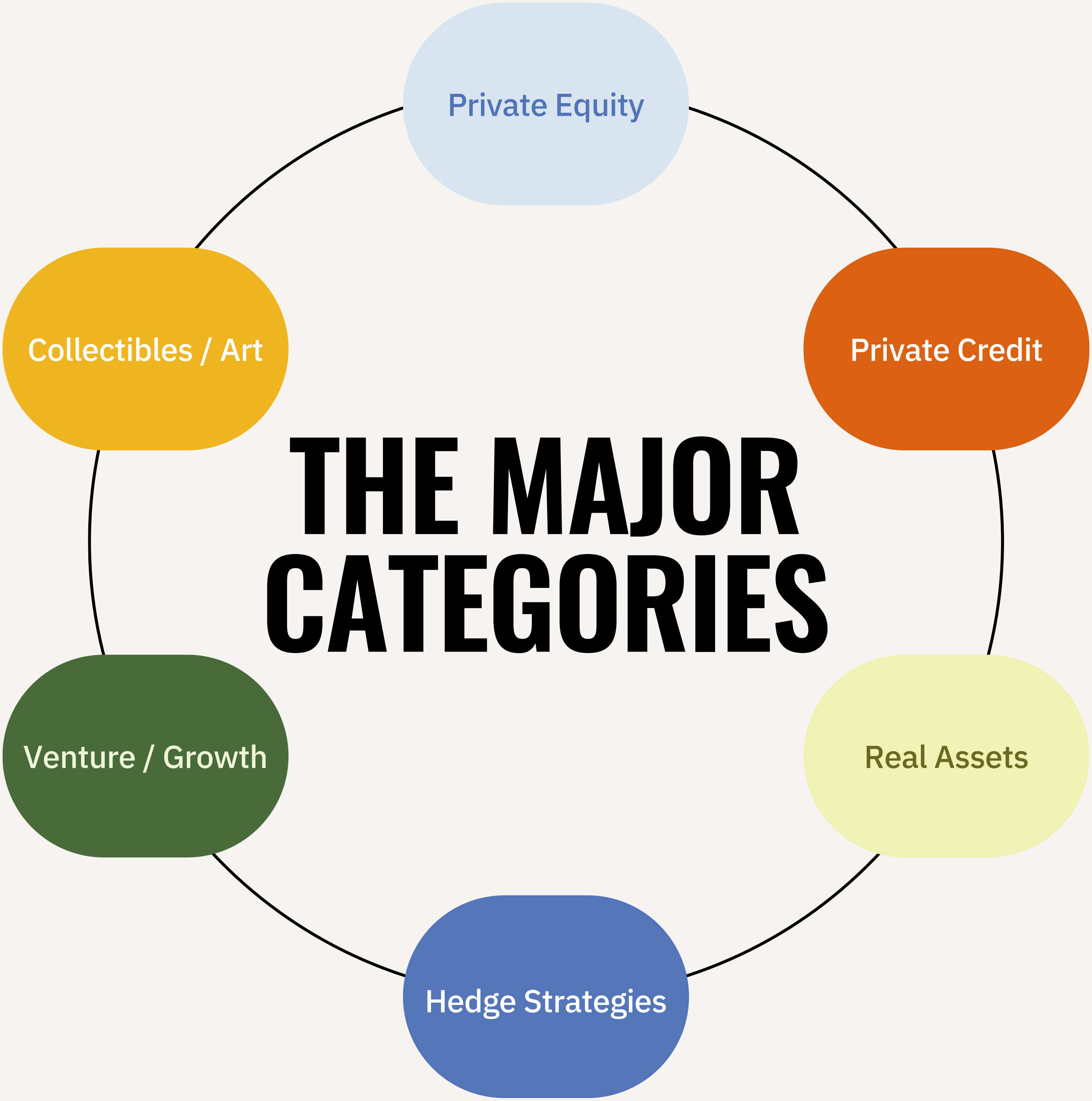
Don’t move in sync with markets

Helps smooth portfolio ups & downs

Specialized Access

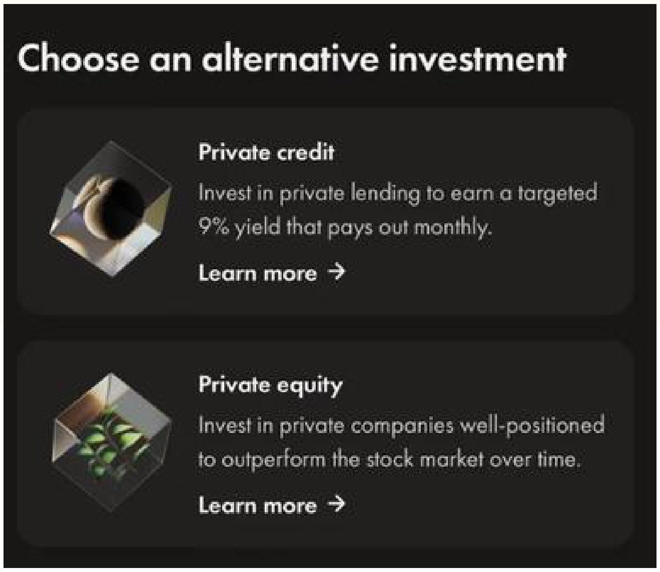
Requires fund structures or platforms

Now increasingly available to individuals (like through Wealthsimple)


THE MAJOR CATEGORIES
Private Equity
Private Credit
Real Assets
Hedge Strategies
Venture / Growth
Collectibles / Art

LET'S NOW ZOOM IN ON WHAT WEALTHSIMPLE OFFERS IN THE ALTERNATIVES SPACE:

TWO KEY VEHICLES: PRIVATE EQUITY AND PRIVATE CREDIT.



Private credit (also called direct lending or private debt) means lending money to private companies (vs buying their equity). *It is often considered somewhat less volatile than equity, but still comes with risk (borrower default, interest rate, liquidity) and typically requires a longer horizon.*

Private equity means investing in companies not listed on public exchanges.

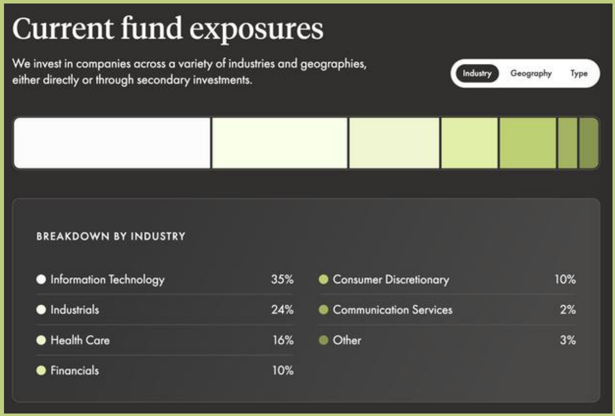
Wealthsimple Private Equity

Wealthsimple's Private Equity product invests in a fund managed by LGT Capital Partners, an institutional manager with ~25 years' experience.

Who the fund is for

The Wealthsimple Private Equity fund is available to all eligible clients.
Qualifications include:

$50,000	**$10,000**	**3+ years**
In investable assets	Minimum investment	Minimum investment horizon



Potential benefits

1. Access to **institutional-style** private market returns previously only for large investors.
2. **Diversification**: Because private companies often don't move exactly like public stocks, this adds a new return driver.
3. **Growth**-oriented: If you have a long time horizon, you might capture more upside.

the THINGS TO WATCH OUT FOR

- ILLIQUIDITY: YOU CAN'T EASILY SELL WHENEVER YOU WANT. ACCORDING TO WEALTHSIMPLE, "WE DO NOT PLAN TO MAKE EXCEPTIONS" FOR EMERGENCY REDEMPTION.

- HIGHER RISK: PRIVATE EQUITY IS DESCRIBED AS "ONE OF THE RISKIER ASSET CLASSES" BY THE FUND'S OWN HELP-CENTRE PAGE.

- FEES LAYERS: EXTERNAL COMMENTARY REPORTS THAT MANAGEMENT FEE ~1.5% PLUS PERFORMANCE FEE (~12.5% OVER AN 8% HURDLE) FOR THE FUND.

- MANAGER AND SELECTION RISK: BECAUSE MANY FIRMS ARE INVOLVED AND PERFORMANCE VARIES WIDELY.

- CURRENCY, VALUATION, TIMING RISK: BECAUSE PRIVATE COMPANIES ARE LESS TRANSPARENT AND VALUATIONS LESS FREQUENT.

Wealthsimple Private Credit

The fund is offered via a partnership with Sagard (led by credit-investment professionals formerly with the Canada Pension Plan) for the Canadian feeder fund.

Who the fund is for

The Wealthsimple Private Credit fund is available to all eligible clients.
Qualifications include:

$50,000	$10,000	3+ years
In investable assets	Minimum investment	Minimum investment horizon

Sector diversification

We lend money to companies across a variety of industries. That way, if one sector underperforms, others can potentially offset losses.

INDUSTRY BREAKDOWN

Banking, Finance, Insurance & Real Estate	20%
Hotel, Gaming & Leisure	13%
Healthcare & Pharmaceuticals	11%
Media	8%
Construction & Building	8%
Business Services	6%
Telecommunications	5%
Capital Equipment	5%
High Tech Industries	5%
Chemicals, Plastics & Rubber	4%
Consumer Services	4%
Other	11%

Potential benefits

1. **Income-generating**: Monthly distributions can be attractive for investors seeking yield (though yield is not guaranteed).
2. **Diversification:** Because credit to private companies reacts differently than public equities or bonds.
3. **Access:** Wealthsimple brings a typically institutional asset class to retail investors.

the THINGS TO WATCH OUT FOR

- LIQUIDITY: MAY BE RESTRICTIONS ON WITHDRAWALS.
- CREDIT/DEFAULT RISK: BORROWERS MAY FAIL TO PAY INTEREST OR REPAY PRINCIPAL. THE HELP CENTRE WARNS THIS RISK EXPLICITLY.
- LEVERAGE RISK: FUNDS OFTEN BORROW THEMSELVES TO AMPLIFY RETURNS, WHICH CAN AMPLIFY LOSSES.
- SUITABILITY & MINIMUMS: NOT EVERYONE IS ELIGIBLE; THERE ARE SUITABILITY CHECKS.
- IN ADDITION TO STANDARD ADVISORY FEES, THE PRIVATE CREDIT FUND HAS A 1.25% ADVISORY FEE. IF THE FUND EARNS A 5% RETURN OR GREATER, A 15% PERFORMANCE FEE IS APPLIED.

IN SUMMARY...

Is private credit *suitable for me?*

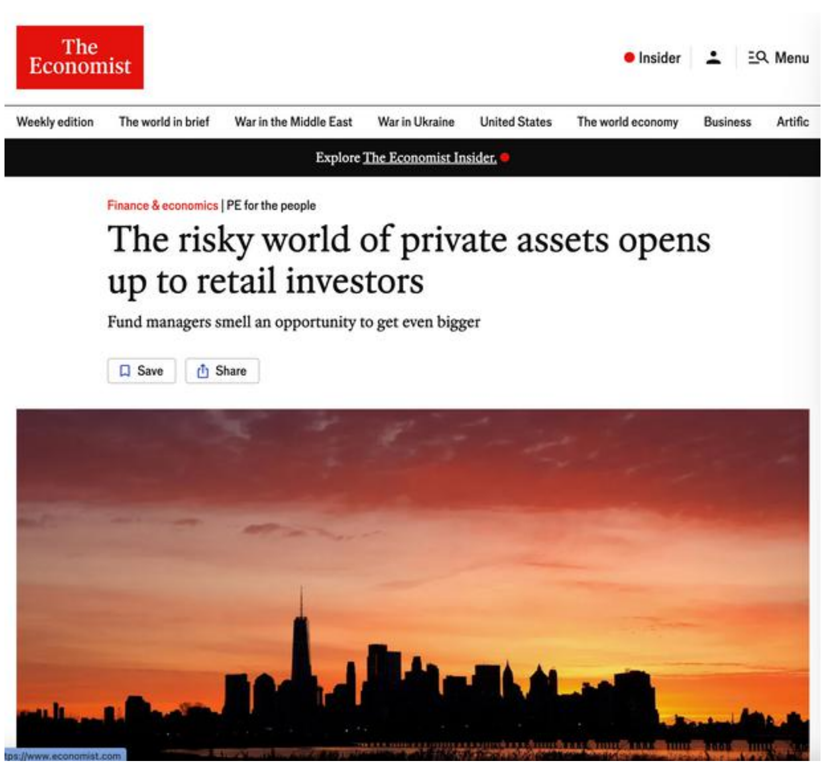
- If you're seeking **income** and comfortable with **moderate risk** + some **lock-up**, this could be relevant.
- If you need **liquidity soon or are very risk-averse, this might be less appropriate.**
- Consider it a "growth/income sleeve" rather than core holding; still use alongside a diversified portfolio.

What's important for us as investors is assessing

HOW THESE FIT OUR GOALS, TIME HORIZON AND RISK TOLERANCE.

Neither product is a replacement for traditional stocks and bonds — they are **complementary**. If you have a long horizon and a well-diversified base portfolio, adding a slice of these can help access new return engines and diversify away from public market risk.

> If you need liquidity or are early in building your portfolio, you might wait or proceed cautiously.



When ALTERNATIVES *Make Sense, And* WHO THEY'RE FOR

ALTERNATIVES *can fit for the right investor.*

✅ More Likely a Fit	🚫 Maybe Not a Fit (Yet)
You already have a strong core portfolio (RRSPs, TFSAs, ETFs).	You're still building your emergency fund.
You can leave your money invested for 5–10 years.	You'll need this money in the next few years.
You're comfortable with some risk and uncertainty.	You lose sleep when markets dip.
You want diversification beyond public markets.	You prefer simple, liquid, daily-priced investments.
You're curious and willing to learn about new asset classes.	You prefer to "set it and forget it."

HOW MUCH *should I allocate?*

Investor Type	Suggested Range	Focus
Conservative	0–5%	Diversification through real assets or income-oriented credit.
Balanced	5–10%	Mix of private credit + small slice of private equity.
Growth-oriented	10–20%	Greater exposure to private equity and venture capital.

QUESTIONS TO ASK BEFORE YOU INVEST

01 Do I understand how it makes money?

02 Can I commit to leaving this invested for several years?

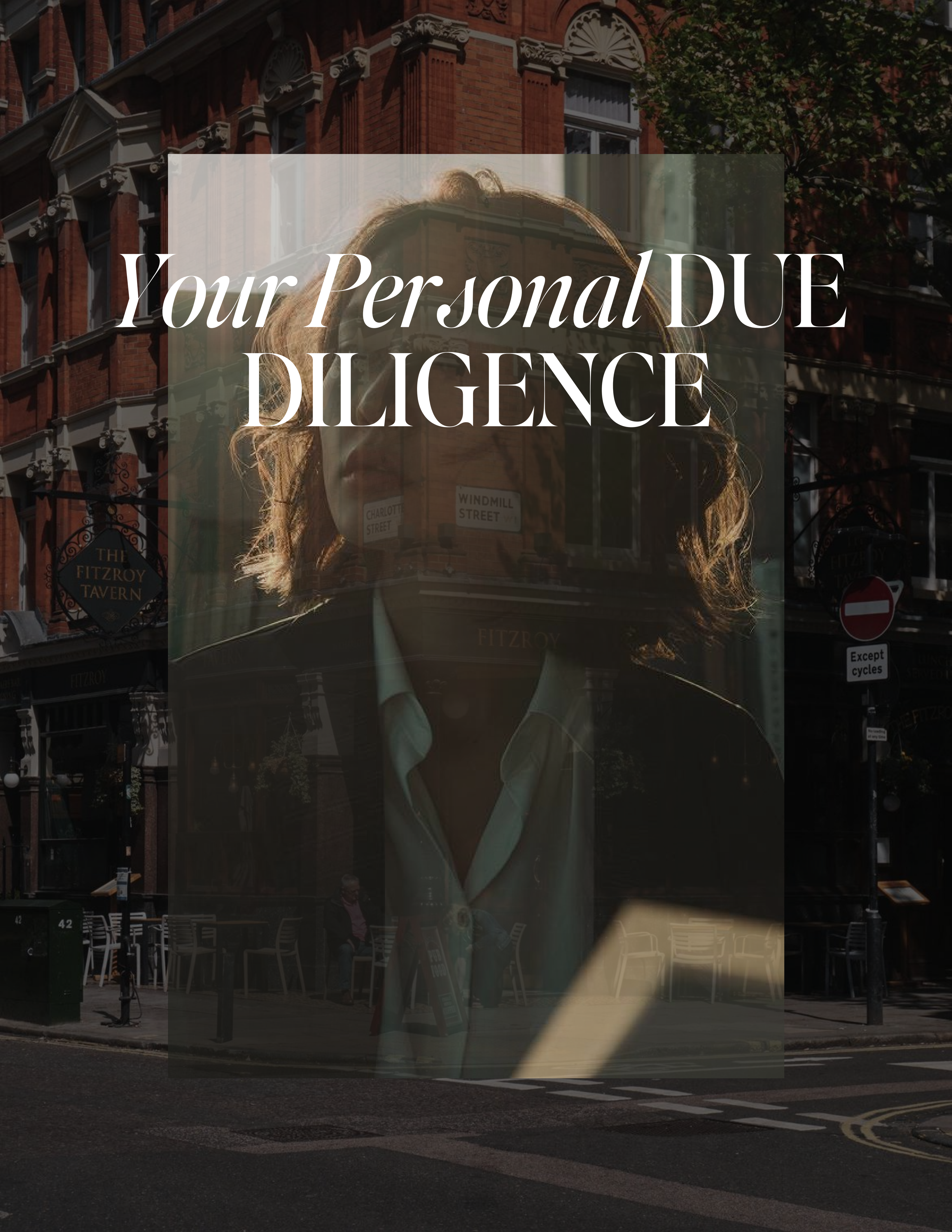
03 Am I okay with limited liquidity?

04 What are the total fees (including performance layers)

05 Who manages it — and what's their track record?

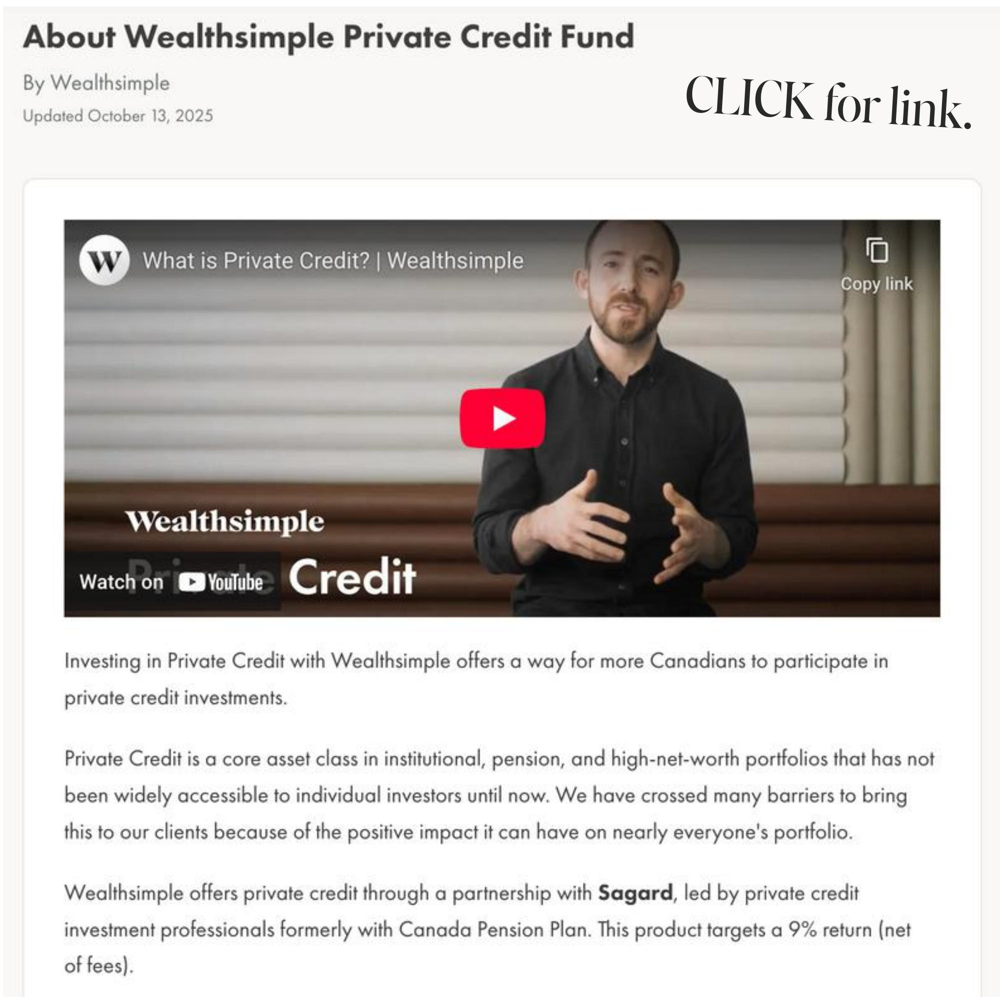
06 How does this fit with my bigger financial plan?

Your Personal DUE DILIGENCE



1. DO I UNDERSTAND HOW IT MAKES MONEY?

Private Credit: You're effectively lending money to private companies. Returns come from interest payments and credit spreads (the premium borrowers pay for private loans). The fund targets around 9% annualized yield, paid monthly.



About Wealthsimple Private Credit Fund

By Wealthsimple

Updated October 13, 2025

CLICK for link.

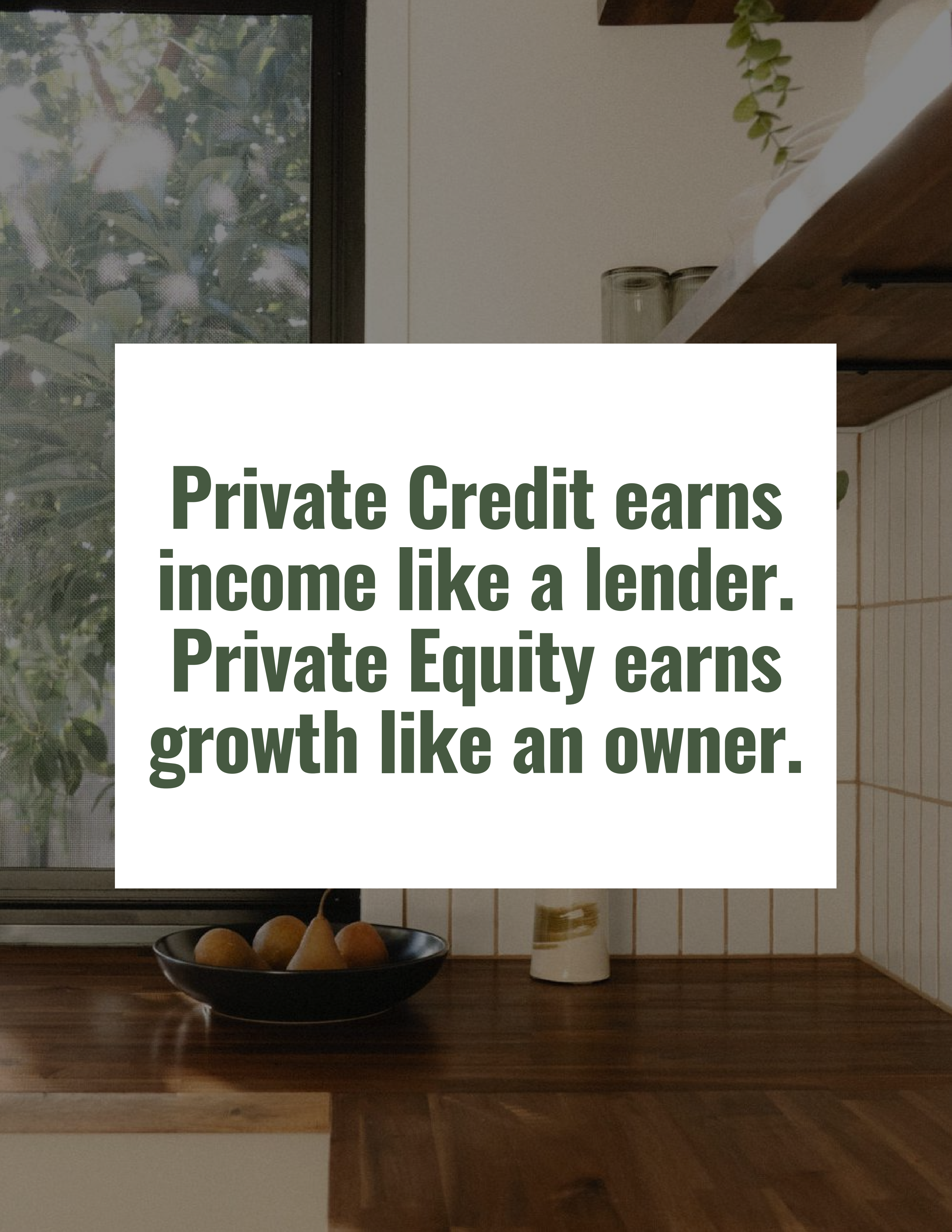
Investing in Private Credit with Wealthsimple offers a way for more Canadians to participate in private credit investments.

Private Credit is a core asset class in institutional, pension, and high-net-worth portfolios that has not been widely accessible to individual investors until now. We have crossed many barriers to bring this to our clients because of the positive impact it can have on nearly everyone's portfolio.

Wealthsimple offers private credit through a partnership with **Sagard**, led by private credit investment professionals formerly with Canada Pension Plan. This product targets a 9% return (net of fees).

1. DO I UNDERSTAND HOW IT MAKES MONEY?

Private Equity: You're investing in private companies via the institutional manager LGT Capital Partners. The fund's goal is long-term capital growth by improving or expanding these companies, then selling them later at a profit. Reported annualized return since inception ≈ 25.9%, though past results are not guarantees.



Private Credit earns income like a lender. Private Equity earns growth like an owner.

2. CAN I COMMIT TO LEAVING THIS INVESTED FOR SEVERAL YEARS?

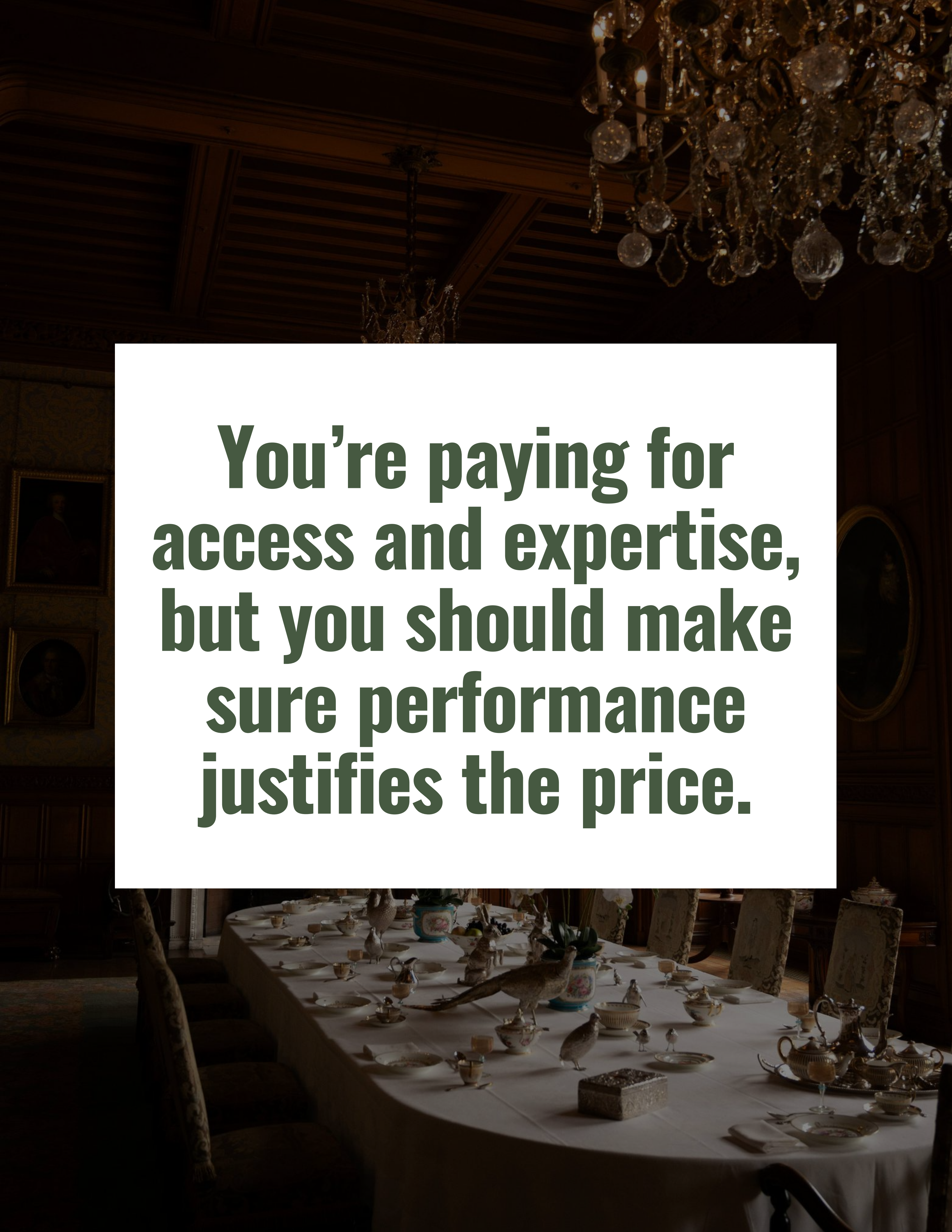
Fund	Liquidity Reality
Private Credit	Wealthsimple allows **limited redemption windows**, but warns investors that funds are **illiquid** and **redemption requests may be capped** during market stress. It's best to plan to leave money invested for **5+ years.**
Private Equity	Significantly less liquid — typically **multi-year lock-ups** (no withdrawals mid-cycle). The fund life can extend up to **10 years**, as exits depend on when portfolio companies are sold.

3. AM I OKAY WITH LIMITED LIQUIDITY?

Fund	What to Know
Private Credit	Although it pays monthly distributions, **principal** isn't easily redeemable. Requests can be delayed or partially filled.
Private Equity	No liquidity until exits occur — money is tied up until the fund distributes proceeds.

4. WHAT ARE THE TOTAL FEES (INCLUDING PERFORMANCE LAYERS)?

Fund	Fee Structure
Private Credit	Management fee **~1–1.5%**, potentially plus a **performance fee** on excess returns (details not fully public). Lower than Private Equity but **MUCH** higher than ETFs.
Private Equity	Management fee **≈ 1.5% per year** + **12.5% performance fee on profits above an 8% hurdle**, per Advisor.ca reporting. Also, underlying fund fees (LGT Capital Partners) may apply — so total "all-in" costs are higher than public funds.



You're paying for access and expertise, but you should make sure performance justifies the price.

5. WHO MANAGES IT — AND WHAT'S THEIR TRACK RECORD?

Fund	Manager & Credentials
Private Credit	Managed by **Sagard**, a reputable Canadian firm led by credit professionals with institutional backgrounds (e.g., ex-CPP Investments). Wealthsimple acts as the platform.
Private Equity	Managed by **LGT Capital Partners**, a global private markets firm with over **$80B+ AUM** and 25+ years of experience managing institutional portfolios. Wealthsimple provides investor access and oversight.

YOU'RE INVESTING THROUGH WEALTHSIMPLE, BUT THE REAL WORK IS DONE BY SEASONED INSTITUTIONAL MANAGERS.

THAT'S FINE, BUT IT ADDS LAYERS OF OVERSIGHT TO UNDERSTAND.

6. HOW DOES THIS FIT WITH MY BIGGER FINANCIAL PLAN?

Fund	Strategic Fit
Private Credit	Great as a **diversifier** for investors who already have their core portfolio built — can add income with moderate risk. Works well as part of a **balanced or income-oriented sleeve** (5–10% allocation).
Private Equity	Best for **growth-focused, long-horizon** investors. It's higher risk but potentially higher reward. Suitable as a small **growth booster** (5–15% allocation).

PRIVATE CREDIT IS YOUR 'INCOME BOOSTER.'

PRIVATE EQUITY IS YOUR 'GROWTH ENHANCER.'

NEITHER REPLACES YOUR CORE — THEY COMPLEMENT IT.

The 6 Core Risks of ALTERNATIVES

Illiquidity Risk

You can't sell or withdraw easily — your money is tied up for years.
If you need funds quickly, you may be locked out or face withdrawal limits.

Valuation & Transparency Risk

Assets aren't priced daily.
You might not see volatility right away, but that doesn't mean it isn't there.

Market & Timing Risk

Returns depend on when assets are bought/sold and broader market cycles.
If exits happen during downturns, returns can shrink.

Manager Risk

Performance depends heavily on the fund manager's skill.
The same asset class can produce wildly different results depending on who's running it.

Leverage Risk

Many alternative strategies borrow money to amplify returns.
Leverage magnifies both gains and losses — increasing downside potential.

Fee Drag

Alternatives have layered fees — management, performance, fund-of-fund layers.
High fees can eat into net returns, especially if performance is average.

HIDDEN RISKS YOU DON'T ALWAYS SEE


The collapse of Archegos Capital Management

As the fallout of the collapse of Archegos Capital sent shockwaves across the global community, Hayley McDowell examines this tale of winners and losers as questions about the future of prime brokerage are brought to the fore.

Operational Risk

Something goes wrong inside the fund — accounting errors, poor governance, or fraud.

Regulatory Risk

Rules for retail access to private markets are still evolving. New "semi-liquid" funds are being tested — we're in early innings.

Behavioural Risk

Investors underestimate how long they'll stay invested. They commit for 5–10 years, then need cash in year 3 — and can't access it.

Takeaways

YOU DON'T NEED TO KNOW EVERYTHING — JUST ENOUGH TO ASK GOOD QUESTIONS.

ALTERNATIVES CAN DIVERSIFY AND STRENGTHEN YOUR PORTFOLIO — IF USED THOUGHTFULLY.

FEES, TRANSPARENCY, AND MANAGER QUALITY MATTER AS MUCH AS PERFORMANCE.

ILLIQUIDITY IS NOT A FLAW — IT'S A FEATURE THAT REWARDS PATIENCE.

THE BEST INVESTMENT STRATEGY IS ONE THAT FITS YOUR GOALS, TIME HORIZON, AND VALUES.

SELFINVESTED.CA