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Why More Investors Are Turning to Alternative Investment Platforms

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Global alternative assets under management surpassed $18 trillion in 2024 and are projected to reach nearly $29 trillion by 2029. More investors, particularly high-net-worth individuals, are turning to alternative investment platforms because traditional public markets no longer deliver the diversification or returns they once did. This post breaks down the structural reasons behind that shift, what these platforms actually offer, and what sophisticated investors in Australia should look for before committing capital.

The 60/40 Portfolio Has a Problem

For decades, a portfolio split 60% into equities and 40% into bonds was considered the gold standard of wealth management. It worked because stocks and bonds moved in opposite directions. When equities fell, bonds cushioned the blow. The model was simple, reliable, and broadly effective.

That dynamic has changed.

Global alternative assets under management surged from roughly $7 trillion in 2014 to over $18 trillion in 2024, and projections point to nearly $29 trillion by 2029. That kind of growth does not happen without a reason. Investors are not abandoning public markets out of novelty. They are responding to a structural shift in how risk and return behave, and alternative investment platforms are the vehicle they are using to do it.

This post covers why that shift is happening, what it means for qualified investors in Australia, and how to evaluate the platforms worth your attention.

What Has Changed in the Investment Landscape Since 2020?

Since 2020, a combination of persistent inflation, rising stock-bond correlation, and compressed public market returns has fundamentally changed the risk-reward equation for traditional portfolios. Sophisticated investors are now allocating significantly more capital to private markets, off-market raises, and dedicated platforms to access returns that public equities and bonds can no longer reliably deliver.

The macro forces at play are well-documented. Supply chain disruptions, geopolitical tension, and sustained inflation have squeezed margins across industries and introduced a level of volatility that

traditional portfolio construction was not designed to absorb. Inflation above 2% has caused stocks and bonds to move in tandem, stripping the traditional 60/40 model of the diversification benefit it was built on.

The Collapse of the Stock-Bond Hedge

From roughly 2010 to 2020, stocks and bonds held a negative correlation. When one fell, the other typically rose. That relationship has reversed. By 2025, stock-bond correlation had returned to positive territory above 20%, meaning both asset classes now tend to move in the same direction during periods of stress. For investors holding a traditional 60/40 portfolio, that removes the primary protection the model was supposed to provide.

Why Public Market Alpha Is Harder to Find

Public markets are efficient. That efficiency is the product of millions of participants analysing the same information in real time. The result is that genuine alpha, returns above what the market delivers, is increasingly hard to generate through public equities alone. The appetite for steady income and alpha that can no longer be reliably found in public markets is one of the clearest drivers pushing investors toward alternatives.

Why Is the 60/40 Portfolio No Longer Enough?

The 60/40 portfolio assumes stocks and bonds move in opposite directions. That assumption has broken down. When inflation stays above 2%, stocks and bonds tend to move in tandem, removing the diversification benefit the model relies on. Investors need assets that behave differently, and alternative investment platforms are the primary vehicle for accessing them.

The income side of the equation has also deteriorated. Traditional fixed income instruments, including government bonds and investment-grade corporate debt, have struggled to deliver real returns in an inflationary environment. Investors seeking consistent income have been forced to look elsewhere.

The Income Gap in Traditional Fixed Income

Over the past decade, private credit has outperformed many traditional debt instruments in terms of yield. Private credit often offers yields that exceed those of public investment-grade bonds, reflecting the liquidity premium and higher borrower risk involved. For income-focused investors, that premium is becoming increasingly difficult to ignore.

Why Alternatives Fill the Void

Alternative assets, including private equity, private credit, and real assets, tend to operate on their own cycles. When traditional markets become unpredictable, alternatives such as private equity, real estate, or hedge funds may move independently, helping cushion a portfolio when volatility strikes public markets. That low correlation is the core diversification argument, and it holds up under analysis. Infrastructure investments, for example, can bolster the stability of a conventional stock-bond portfolio through steady, inflation-linked cash flows.

What Do Alternative Investment Platforms Actually Offer?

Alternative investment platforms give investors structured access to asset classes that were previously limited to institutions and ultra-high-net-worth individuals. These include private equity, pre-IPO placements, off-market capital raises, private credit, and real assets. In Australia, platforms operating under AFSL licensing provide qualified investors a compliant and direct pathway to these deals.

The key distinction between an alternative platform and a traditional brokerage is deal sourcing. A standard retail brokerage gives you access to publicly listed securities. An alternative platform, particularly one structured for sophisticated investors under Australian law, gives you access to deals that have not yet been priced in by the broader market.

Pre-IPO and Off-Market Placements

ASX IPO access and off-market placements are two of the most sought-after opportunities available through these platforms. In a placement, a listed or pre-listed company raises capital by issuing new shares directly to a targeted group of investors. These raises are typically priced at a discount to reflect the risk and the absence of a public market at the time of entry.

For investors who qualify, this represents a genuine informational and pricing advantage. You are entering at a valuation the market has not yet determined, with an upside that is realised when the company lists or the share price adjusts post-raise.

Private Credit and Real Assets

Beyond equity, alternative platforms increasingly offer access to private credit strategies. Private credit involves lending directly to companies and typically carries floating interest rates that adjust with the rate environment. As banks have pulled back from certain lending markets, private credit has grown quickly as a complement to traditional fixed income. Real assets, including infrastructure and property, add further diversification through physical, income-generating holdings with long-term contractual cash flows.

Why Are Sophisticated Investors Leading This Shift?

Sophisticated investors, those meeting the financial thresholds under Section 708 of the Corporations Act, are the primary drivers of this shift because they have both the capital and the legal standing to access deals before they reach the public market. Earlier entry typically means lower prices, reduced competition for allocation, and greater upside potential.

Cerulli Associates projects that alternative investment managers expect 23% of their assets to come from individual clients by 2028, compared to roughly 13% in 2024. That shift is being led by high-net-worth individuals, not institutions. And in Australia, sophisticated investor status under the Corporations Act is the legal mechanism that makes participation possible.

The s708 Advantage in Australia

Under Section 708(8) of the Corporations Act, a qualifying **s708 investor** must be certified by a qualified accountant as holding net assets of at least $2.5 million or earning gross income of at least $250,000 per annum for the past two consecutive years. This classification grants access to wholesale investment opportunities, allowing companies to offer certain financial products without preparing a full disclosure document such as a prospectus.

That matters for two reasons. First, it means companies raising capital can move faster and more selectively. Second, it means investors who qualify gain access to deals at a stage when pricing has not yet reflected the company’s potential. If you are not yet certified, you can read more about how to qualify as a sophisticated investor in Australia and understand the steps involved.

For context on related classifications, the difference between wholesale and sophisticated investors in Australia is worth understanding before engaging with any platform.

Access Before the Market Prices It In

The advantage of earlier access is not theoretical. It is reflected in placement outcomes. When a company raises capital at a pre-market valuation and subsequently lists or appreciates on the ASX, the investors who entered during the raise capture the price difference. That advantage is structurally unavailable to retail investors who can only buy after the public pricing has been established.

The Rise of Off-Market and Private Market Access in Australia

Australia has one of the most active small and mid-cap capital markets in the world. The ASX regularly facilitates placements and capital raises across a broad range of sectors, from critical minerals and energy to technology and healthcare. For sophisticated investors in Australia, the volume and variety of ASX placements available through AFSL-licensed platforms has grown considerably over the past several years.

The speed advantage for companies is significant. A sophisticated investor placement can be structured in one to two weeks, compared to a full ASX prospectus process that can take four to six months through ASIC and ASX review. Companies raising capital to bridge a milestone, capitalise on a market window, or move quickly on an acquisition cannot afford that timeline. As a result, some of the most compelling capital raises are offered exclusively to s708 investors and never reach a retail offer at all.

This is the structural reality that drives demand for off-market investment opportunities. The deals that move fastest, and often at the most attractive entry points, are the ones that never appear on a public exchange until they are already fully allocated.

What Should You Look for in an Alternative Investment Platform?

The most important factors when evaluating an alternative investment platform are regulatory standing (AFSL licensing), deal sourcing quality, dedicated broker access, and a verifiable track record of completed raises. In Australia, platforms backed by AFSL-licensed firms and staffed by experienced brokers provide a significantly higher standard of oversight and accountability than unlicensed alternatives.

The alternative investment sector is becoming increasingly competitive as traditional asset managers expand into alternatives. That competition is good for investors, but it also means due diligence matters more than ever. Not every platform that claims to offer exclusive deal access has the infrastructure, licensing, or broker relationships to back it up.

Regulation and Compliance

Any platform operating in Australia and offering financial products must hold an Australian Financial Services Licence. The AFSL number should be publicly verifiable on the ASIC Professional Register. Platforms that operate without this licensing are not subject to the same disclosure obligations, dispute resolution processes, or conduct standards as licensed firms. This is not a minor distinction. It is the foundation of investor protection under Australian law.

Broker Access and Deal Flow

Beyond regulation, the quality of deal flow is determined by the relationships a platform holds with the companies doing the raising. Platforms that structure deals, rather than simply distributing third-party opportunities, sit closer to the source. That proximity means earlier notification, better allocation, and more direct communication with the companies involved. For a qualified investor, working with a platform that assigns a dedicated senior broker rather than a general support team represents a meaningful operational advantage.

The Structural Shift Is Already Underway

Alternative investment platforms are not a trend. They are the structural response to a set of macroeconomic conditions that are not going away. Inflation has not been fully resolved. Stock-bond correlation remains elevated. And public market alpha is harder to generate than it was a decade ago.

The investors who are moving fastest toward alternatives are not doing so speculatively. They are doing so because the data supports it, the regulatory framework in Australia enables it, and the deal flow available to sophisticated investors through licensed platforms is genuinely differentiated from what public markets offer.

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