

Carneo's Views on Alternative Assets

Stockholm (HedgeNordic) – Alternative assets provide investors with useful diversification to lower the risk of volatility in their portfolios, helping them achieve better risk-adjusted returns, says Roger Johanson (*pictured*), Head of Alternatives at multi-boutique asset management group Carneo.

Johanson and his team at Carneo's Alternative Solutions arm offer Nordic institutional investors access to alternative asset managers in private equity, real estate and hedge funds. Defining alternative investments in an interview with VA Insights, Johanson says that the asset class includes everything "that is not a traditional investment." Whereas "many people think of infrastructure, real estate and private equity," alternative assets "can also include investments in everything from cryptocurrencies to art and film production."

With the number of listed companies declining and with bonds and equities expected to produce lower returns than in the recent past, Johanson sees clear benefits to adding alternative asset classes in investor portfolios. Looking at the extensive menu of investment opportunities in the alternatives space, Johanson points out that "globally, private equity is growing very strongly and will be the dominant asset class in the space." A contributing factor for this development represents "the increased regulatory requirements and thus risks that are imposed on listed companies," argues Johanson.

Discussing the obstacles associated with investing in alternatives, Johanson reckons that alternative asset classes are "capital intensive and expensive." Moreover, investors need to consider these asset classes as investments for the very long term, which could entail "experiencing negative returns for a number of years before receiving the expected benefits." Whereas Johanson considers that alternative assets do not exhibit higher risk than other traditional investments, he emphasizes that "it is important to have a diversified portfolio" to make the most of this asset class.

When pondering on the future of alternative investments, Johanson is confident that the asset class will continue to grow going forward. "The recipe for success is to make sure investors reach out to the best managers and realize that it takes time to build a portfolio that investors understand and can manage," concludes Johanson.