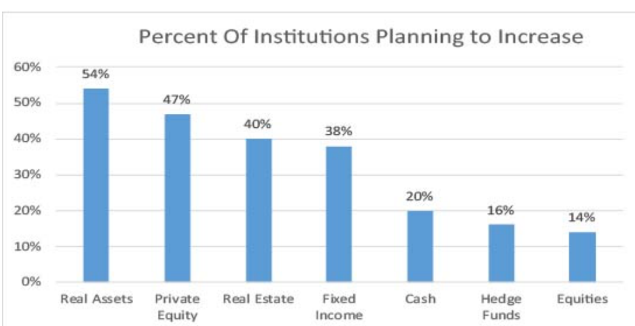
How Institutional Investors are Preparing for a Downturn

See where institutions plan to invest—and where they don't—for 2019.

The investing landscape has changed. Volatility is back in a big way. The longest bull market on record has slowed its stampede. According to BlackRock, institutional investors, like pension and sovereign wealth funds, are concerned about a potential economic downturn. In response, they plan to shift their asset allocations toward private markets.

The chart below shows where institutions plan to increase investments in 2019.



Source: "2019 Global Institutional Rebalancing," BlackRock, January, 2019.

Institutions aren't the only ones thinking about how to navigate this new normal. Advisors and their clients have concerns of their own. Of course, the average investor has very different investment goals and liquidity concerns than a massive pension fund. But it can be insightful to see how the biggest players are thinking about the markets.

BlackRock's data comes from a global survey of 230 of its largest institutional clients, representing more than U.S. $7 trillion in assets. They conducted their annual survey in November and December 2018.

The largest group of respondents (41 percent) cited reducing public market risk as their single biggest concern. So the planned flight to private markets is no surprise. Asset classes with the biggest planned influx include real assets (infrastructure, etc.), private equity and real estate.

What does this mean for advisors and their clients? That depends on their individual investment goals and appetite for liquidity. But if diversification beyond public markets is among their concerns, non-traded alternatives may be worth considering.

CSC-0319-736982-INV

This is not an offer. Securities can be offered by a prospectus (/quick-links/prospectus.stml) only. Since investing in non-traded alternative investments is not suitable for all investors, the prospectus should be read carefully before investing. Investors are advised to consider the investment objectives, risks, charges and expenses before investing. The prospectus, which contain this and other information about the investment offerings, are available at sec.gov (http://sec.gov), on this website and may be obtained by calling 866-650-0650.

Alternative investments are subject to significant risks, some of which are summarized in the Risk Factors (/quick-links/prospectus.stml) section of this website and are fully detailed in the Risk Factors section in the offering's prospectus. Investors should read and understand all of the risks and the entire prospectus before making a decision to invest.

No offering is made to residents of New York, Maryland or any other state, except by a prospectus filed with the Department of Law of the state of New York, the Maryland Division of Securities or the respective state securities administrator. Neither the U.S. Securities and Exchange Commission (SEC), the attorney general of the state of New York, nor any other state securities administrator has passed on or endorsed the merits of any offering or the adequacy or accuracy of this website or prospectuses. Any representation to the contrary is unlawful.

This material is provided by CNL and its affiliates and is intended for general use with the public, unless further restricted. CNL and its affiliates cannot provide investment advice for any individual or any individual situation, and are not acting in a fiduciary capacity to any investor. Do not look to this material for any investment advice. Please speak with your personal financial advisor regarding what share class may be best for your personal investment strategy. CNL and its affiliates have financial interests that are served by the sale of products it distributes.

© 2019 CNL Securities Corp. | All Rights Reserved.

CNL® and the Squares Within Squares design trademarks are used under license from CNL Intellectual Properties, LLC.