

COMMENT

Stock markets are soaring, but is now time to deploy cash?

There is a case to be made for alternatives, investments, writes Martin Pelletier.

As the broader S&P 500 continues to soar, gaining more than 6.5 per cent already this year, it's pulling up other markets toward new highs, but here's the dilemma: those sitting on excess cash may wonder whether now is the right time to deploy those dollars.

After all, near-term cash investments still yield around five per cent interest and some have also started exploring alternative assets that may not have the same kinds of ups and downs as the public markets, including:

- Hedge funds: including market-neutral, event-driven, options trading, relative value arbitrage and multi-strategy funds
- Private equity and debt: investments in privately held companies or debt instruments.
- Venture capital: funding early-stage startups. Real assets such as infrastructure and real estate, and commodities like gold and oil.

Last week, I had the privilege of moderating a panel discussion at the Canadian Association of Alternative Strategies & Assets' annual Wealth Managers' Forum Conference on this very topic. Most of the advisers I surveyed in the room indicated they had allocated five per cent to 10 per cent of their portfolios to alternatives.

This might be higher than the Canadian average, but we anticipate a similar trend of growing interest in the United States. Alternatives now constitute 9.1 per cent of high-net-worth client portfolios, up from 7.7 per cent in 2020, according to a recent report by Cerulli Associates.

Currently, our tactical risk-managed balanced strategy allocates approximately five per cent to alternatives. However,

with additional new cash inflows, we're considering boosting this allocation.

One area that has piqued our interest is the infrastructure space, which encompasses three key themes: digital infrastructure, reshoring/manufacturing and the energy transition.

With the rapid growth of artificial intelligence, more and more companies are embracing digitalization, seeking to enhance efficiency, connectivity, and resilience. For example, investments in digital technologies by energy companies have surged in recent years, with global spending on digital electricity infrastructure and software growing by more than 50 per cent since 2015, according to the U.S. Energy Information Administration.

The trend toward reshoring manufacturing is also gaining momentum, especially given the ongoing challenges with China since 2020. In the U.S., construction spending on manufacturing facilities reached a record high in 2022.

Large U.S. tech companies also recognize the importance of a secure energy supply, transportation networks, utility services and high-speed internet when deciding where to build new plants. These investments boost economic growth and benefit previously overlooked rural areas. New facilities are cropping up in regions that were once off the radar, creating fresh new markets for infrastructure investors to participate in.

In the past, the energy-transition segment of the market may have yielded lower returns, but it's essential to consider the



context. These investments were made five to 10 years ago during a period when interest rates were significantly lower and capital was readily available, bidding up the demand for these investments and pushing down the returns being offered.

Fortunately, the current environment is much different, with interest rates still high and capital tough to come by, making it a less competitive environment for investors and, with it, quite favourable longer-term economics.

All these types of investments require a long-term commitment, often locking up capital for a decade or more. Thorough due diligence, guided by your adviser, is crucial in identifying the right opportunities and management teams to oversee and deploy this capital. Your adviser might also be able to find more liquid options for investing in this space.

We haven't got into the private-debt side as this component of our portfolios is geared more for growth than income. For income, we use structured notes, which serve as a quasi-alternative asset class and offer a compelling return-to-risk profile with yields ranging from seven per cent to 10 per cent. Our portfolio allocates an average of 35 per cent to this segment.

The investment landscape has shifted and public markets are setting new highs, but this could be a good time to review other opportunities out there such as the alternatives market. By staying informed and strategically allocating capital, investors can effectively navigate this dynamic environment.

Martin Pelletier, CFA, is a senior portfolio manager at Wellington-Altus Private Counsel Inc, operating as TriVest Wealth Counsel, a private client and institutional investment firm specializing in discretionary risk-managed portfolios, investment audit/oversight and advanced tax, estate and wealth planning.

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IN THE MATTER OF THE BANKRUPTCY OF 1000488910 ONTARIO INC., OF THE CITY OF ECHO BAY, IN THE PROVINCE OF ONTARIO

NOTICE OF BANKRUPTCY AND FIRST MEETING OF CREDITORS

NOTICE is hereby given that the bankruptcy of 1000488910 Ontario Inc., having its head office at 377 Lakeview Road, Echo Bay, Ontario, occurred on the 7th day of March, 2024, and that the first meeting of creditors will be held via MS Teams conference call on the 25th day of March, 2024, at 10:00 AM. To join the call, the coordinate details are as follows: MS Teams video link: <https://shorturl.at/ceU4> or dial the toll-free number (877) 252-9279; Audio Conference ID: 495 813 716#. For more information, please call (647) 475-8331.

DATED at Toronto, Ontario, this 9th day of March 2024.

MNP Ltd.
Licensed Insolvency Trustee

1900-1 Adelaide Street East
Toronto, ON M5C 2V9

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ATTENTION!

Pet Adoptions

For a full description of these pet adoptions go to: saultstar.com/ssmpetadoptions



Meet Amber!



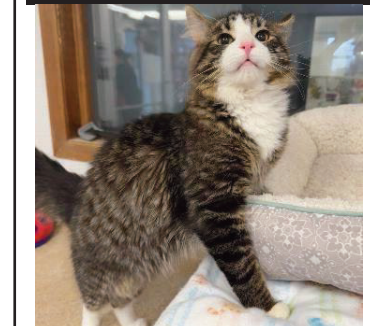
Meet Amber! Amber is a sweet, outgoing, chatty, tortie girl who is searching for her forever home. She definitely likes to be around people and will use her voice to make sure you pay attention to her! She also has some playful energy and likes different toys.

Meet Boots!



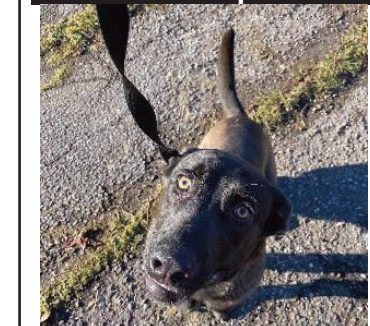
Boots was sadly surrendered to us as his owner passed away. He is a very sweet boy with calm energy about him - once he feels comfortable he will show you his cute, friendly side. He definitely seems like he'd like to cuddle up with you or find a good place to look out the window.

Meet Clove!



This handsome, floofy guy came to us to find his forever home. He can be just a bit timid at first, but once he warms up to you he is a total sweetheart! He likes to cuddle up with you if you sit with him, and he really enjoys perching on the cat tree to look out the window.

Meet Jasper!



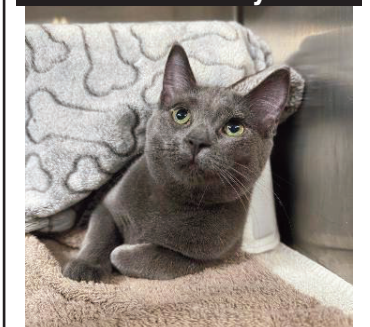
Jasper is a playful and outgoing young guy who is ready to enjoy all of the fun things in life! He is eager to learn and excited about anything you invite him to do - walks, games, cuddles, he loves it all! He does well with other dogs and would likely do well with children.

Meet Mojo!



Mojo is a handsome, 4-year-old guy. He is a playful sweetheart - he likes running around outside and enjoys playing with toys, but is also content just to snuggle up with you! He'd be best in a home without young children. He gets along fine with other friendly dogs.

Meet Ashley!



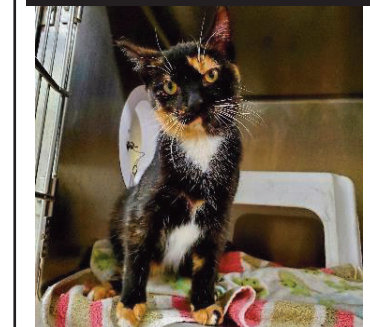
Ashley is a sweet, young girl who can be a bit nervous at first - but she'll show you affection once she feels safe! She likes a cozy spot to curl up in and seems to have calm energy about her. She seems like she will open up and have a playful side once she is settled in her forever home!

Meet Charlotte!



Charlotte is a pretty girl who has been with us for quite a while due to her unique needs. She is very friendly with people, but needs to be the only pet in the home. She has a high prey-drive and needs to be kept separate from other animals, so a fenced-in yard would be best for her.

Meet Elsa!



Elsa is a sweet girl, but timid at first - she will definitely need someone patient to help her feel safe in her forever home! She would also do best with a cat friend! She does have playful energy and a great purr side when she feels comfortable.

Meet Kristoff!



Kristoff is a sweet, beautiful boy who came to us to find his forever home. He can be a bit shy at first with new people, but quickly warms up and shows you his cute side! He is playful and loves all kinds of toys. He does well with other cats!

Meet Odie!



This handsome boy was sadly surrendered to us as his owner could no longer care for him. He is very sweet and outgoing - he loves to be held and pet! He'll even nuzzle his face into you, trying to get as close as possible! He is used to being indoor-only.

Meet Bear!



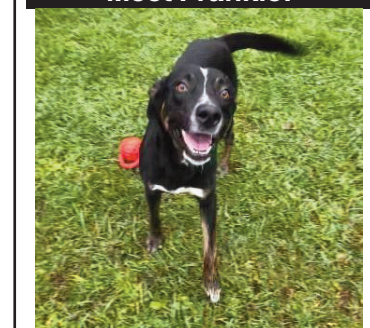
Bear is a sweet, affectionate kitten who is searching for his forever home. He loves people and attention and will come right up to see us when we walk by! He loves to be pet and has a good purr-motor that starts as soon as you touch him. He is also playful and loves all sorts of toys!

Meet Ciel!



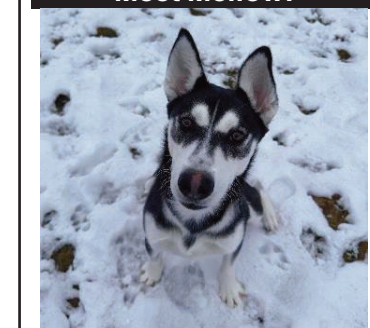
Ciel is a sweet, handsome boy who came to us as a stray and is now searching for his forever home. He is not only a very beautiful kitty, but he has a cute personality to match! He is friendly and social and would love to be your new buddy.

Meet Frankie!



Frankie is a very fast, enthusiastic boy (you can tell he's not a big fan of sitting still in the photo!) with lots of energy. He does love people and being pet once he does slow down! He loves to try to find everything his nose leads him to outside. He'd do well with other dogs and kids.

Meet Mellow!



Mellow is a handsome young pup who is looking for a home that can help him build his confidence. This cutie had a bit of a tough start in life, and he needs a home where he can settle in at his pace. Mellow can be scared of men and loud noises, but he does well with other dogs.

Meet Sven!



Sven is a cute, sweet, silly guy who is searching for his forever home! He likes people and attention and is definitely playful. He'll let you pick him up for a cuddle and enjoys being pet, and also loves chasing toys around and doing zoomies. He does well with other cats!