

# Brookvine Pty Limited

## Alternatives that make sense

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specialists in alternative investments



- Opportunities that *don't fit* a conventional taxonomy ...
- Europe (recently): *All but sovereign bonds*
- Australia (20 years ago): *International equities; Credit; Infrastructure*
- US (now): *Real estate; Emerging equities*
- US (20 years ago): *International equities; US Small cap*
- Global (now): *Hedge funds (60+ years old); Private equity (by the rivers of Babylon)*

# Purposeful Asset “Clusters”

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**Global Equities  
for *Growth***

Listed, Unlisted, ..

**Real Assets**

for *Inflation Protection*

TIPS, Commodities, ..

**Stable Value  
for *Stability***

Fxd, Met neutral, ..

**Opportunistic  
for *Learning***

VC, ILS, ...

**For *Entertainment***

FX trading, Art, ...

Hybrids, eg, Infrastructure

# You want low correlations?

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Have I got a deal for you \*\*

- Catastrophe Bonds (Insurance Linked Securities)
- Water-trading

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\*\* Disclosure: Both supported by Brookvine Pty Limited

## How to Invest Like Yale's David Swensen

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[This article originally appeared in the July 2007 issue of *Registered Rep.* magazine.] David Swensen, Yale University's chief investment officer, argues that to get strong returns you need to venture off into relatively inefficient markets in "out of the way, dark corners." But it's not a strategy suited for retail investors.

Remember when Chevy Chase used to wrap up the "Weekend Update" faux-news segment of *Saturday Night Live* with the line, "I'm Chevy Chase and you're not"? David Swensen, the manager of the Yale University endowment, has posted such consistently strong portfolio returns over the years that he could sign off his annual reports with a similar close.

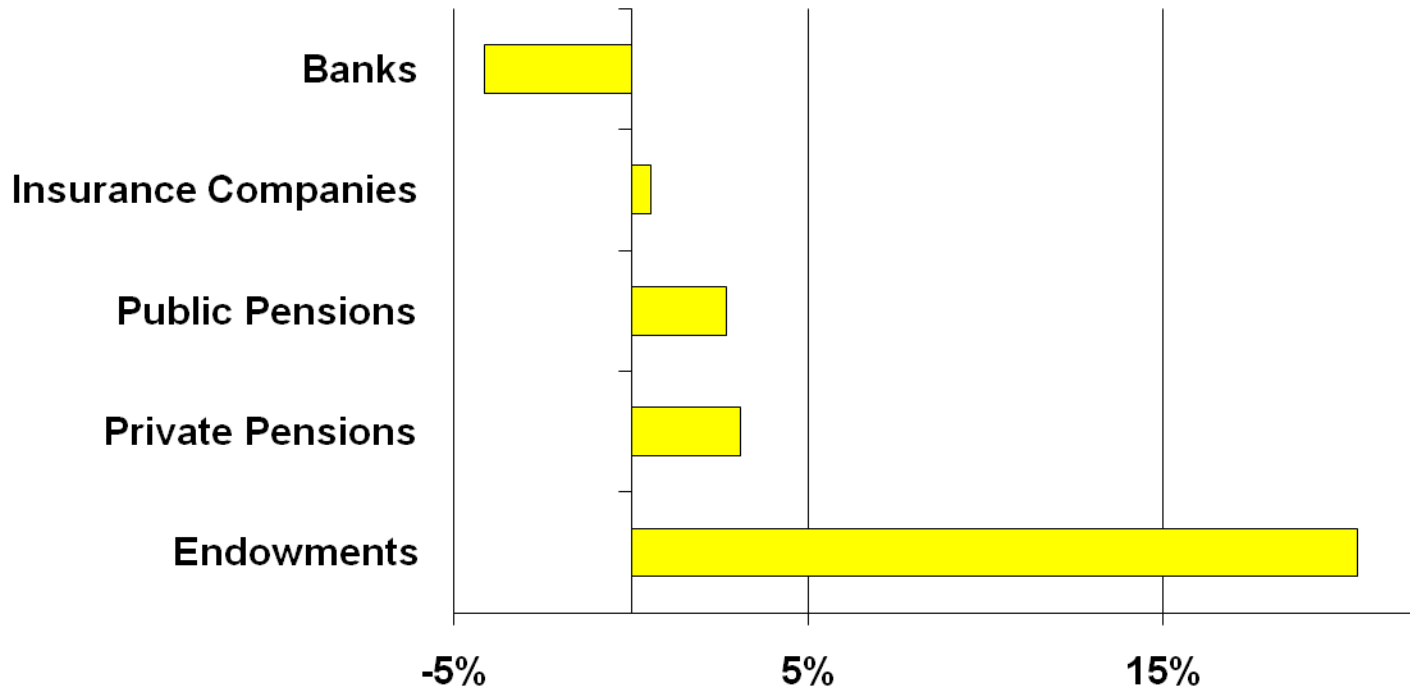
# The (overly pessimistic) rush out

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- Few longer-term insights, models, valuations, benchmarks, liquidity, ...
- Less quantifiable, more complex (eg, hybrids)
- More idiosyncratic & opportunistic: Immediacy vs opportunity
- Greater performance persistence & predictability → access classes
- Greater dependence on individuals, skill, fees, alignment, temperament and *kultur*

# US Private Equity IRR (1991 – 2001)

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**Source:** Lerner *et al* (2005), “Smart Institutions, Foolish Choices?” NBER.

Jack Gray was invited to present this paper at the ASFA Conference in Adelaide 2010.

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