



## How to Have a Successful Investment Portfolio

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Diversifying your portfolio is key to hedging the market and achieving investment success. While the way you allocate your assets will vary depending on your goals, there are some best practices you can apply to your strategy to ensure you're gaining the most benefits.

Read on to discover where to invest to set yourself up for success.

### Allocate Your Assets Like the Pros

You already know you should keep a diverse investment portfolio. Since you aren't putting all of your money in one place, diversification will lessen your risk. The best way to decide how you want to divide your investments is by looking to the experts. What are financial advisors and asset managers investing in? How do the top 1% of the world's wealthiest individuals have their assets allocated?

Tiger 21, an exclusive organization for high net-worth entrepreneurs, executives and investors, has a tried and true formula that's proven to generate success. Tiger 21's Founder and Chairman Michael Sonnenfeldt noted that their members are most invested in real estate, private equities and public equities — making up almost 80% of their portfolio. Their member's portfolios have an asset allocation that typically looks like this:

- Real estate: 27%
- Private equities: 26%
- Public equities: 22%
- Cash: 13%
- Fixed income: 7%
- Hedge funds: 3%
- Commodities & miscellaneous: 1% each

Looking at the Tiger 21 member data, you can see that real estate investing is critical to strengthening your portfolio.

## Why You Should Allocate Your Assets Primarily to Real Estate

You may wonder why top investors and financial experts invest primarily in real estate. The answer is quite simple: Real estate investments generate higher returns, offer many tax incentives and provide a steady source of passive income and cash flow.

Sure, the wealth of the United States stems from real estate and the stock market. However, real estate outperforms the stock market and is less volatile. What's more, real estate and real estate-backed securities are tangible assets — their value doesn't vary according to public perception the way that the value of intangible assets does.

Let's say you decide to allocate the majority of your assets (roughly 30%) to real estate. You still need to decide where you want to invest that money. While the amount you allocate to each real estate asset class will vary according to your goals and preferences, you should divide your money among different property types and asset classes such as:

- **Direct (commercial and residential) real estate:** You can invest directly into real estate by purchasing a property yourself or investing in some.
  - **Syndicated equity funds:** By investing directly into sponsors (syndicators) you're able to pool your capital with other investors and leverage the sponsor's skills to maximize your real estate investment.
  - **Debt funds:** Those that invest in debt funds make money through the interest or lending rate and any fees charged over the loan term.
  - **Real estate investment trusts (REITs):** By investing in a REIT, you're able to earn dividends from your investment without owning, funding or managing a property yourself. These are similar to stocks in that they're liquid assets that can be traded.
- **Personal investments:** You can also invest equity and debt into stabilized assets and directly into private funds through first trust deeds.

Now that we've discussed the value of investing in real estate, let's dive a little deeper into what types of properties are worthwhile investments.

## Why Commercial Real Estate Is the Top Investment Opportunity

Investing in commercial real estate offers many benefits. Commercial real estate investments generate a higher return, offer many tax incentives and create generational wealth.

Commercial real estate is highly versatile, giving you a vast selection of investment opportunities such as retail, mixed-use and industrial spaces as well as offices, apartment buildings and warehouses. Some of the best types of properties to invest in are:

- Commercial multi-family
- Commercial mixed-use
- Co-working spaces

The most opportunistic asset class in real estate is development projects. These are high-risk, high-reward investments that give you greater yield growth opportunities.

In addition to its benefits, commercial real estate is proven to be one of the most lucrative investments you can make. Just look at the wealthiest investors like Warren Buffett, Elon Musk, and Jeff Bezos — all of their portfolios are allocated almost exactly the same way.

## Who You Invest With Matters

When it comes to real estate investments, the greater the risk the greater the reward — however, you want to make sure you are working with trusted professionals. At Beach City Capital, we specialize in investment and development management and proudly help investors make the most of their real estate investments.

Ready to diversify your portfolio with real estate investments? Contact us today to get started.

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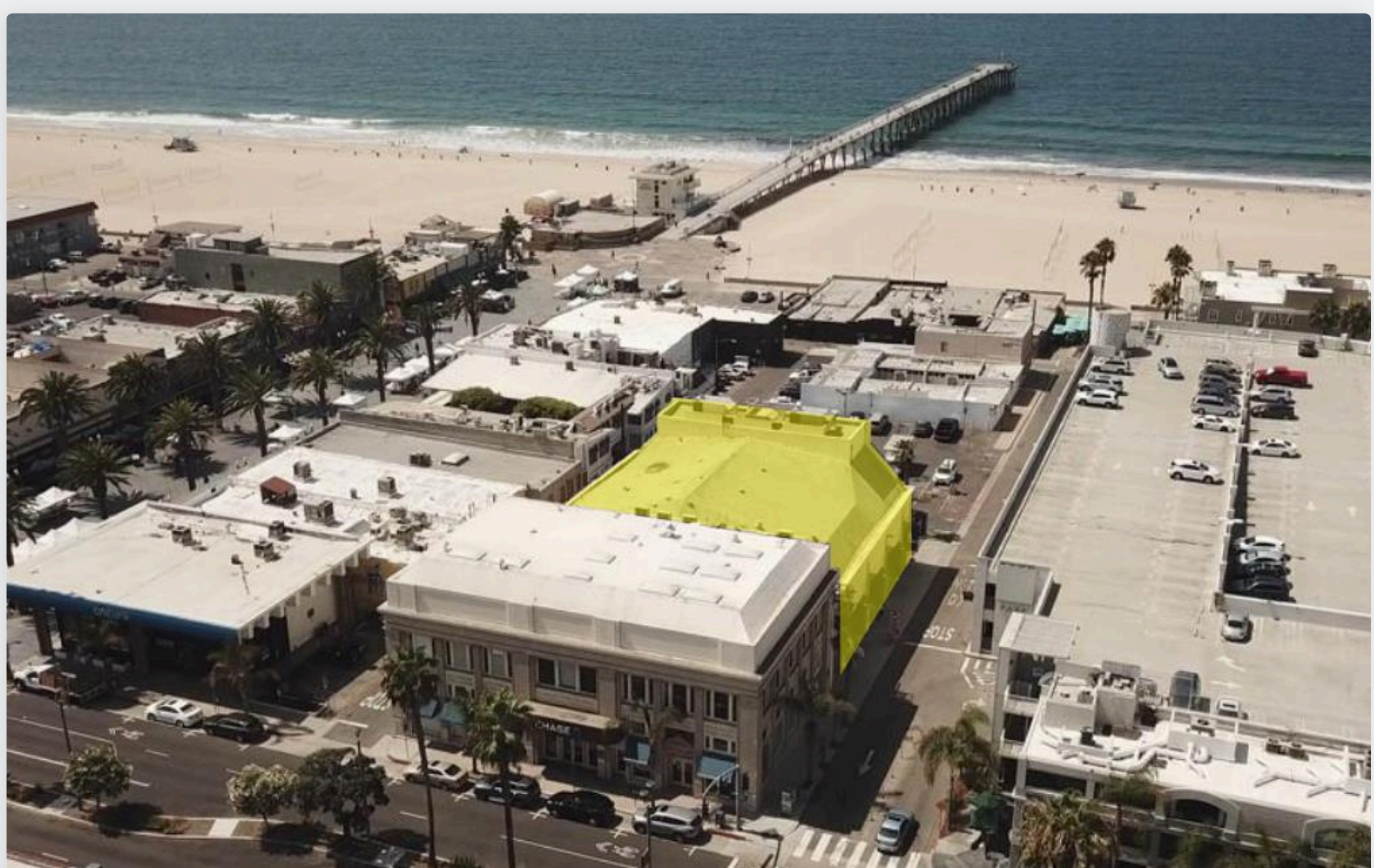
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