

# ALT INVESTMENTS- WID

[00:00:00] Hello everyone. Welcome to the Well It Depends podcast. This is being recorded on February 20th. I am Derek Doyle, and this is Andrew Baron. On today's episode, we're going to be covering alternative investment. The information in this episode is current as of the date recorded and is not intended as financial, tax or legal advice.

You should consult your tax, financial, and/or legal advisors before implementing any transactions and or strategies concerning your finances. Kind of lay the background a little bit. Over the last few months, we've seen the price of gold and silver both accelerating even hitting multiyear highs. While Bitcoin often coined digital gold has gone the other direction.

We've seen the median home values at record highs as well. So when we're talking about alternative investments, we're gonna go into what they are, how they can be used in a portfolio, whether that's diversification, [00:01:00] speculation, or a possible hedge. Um, this podcast is going to be covering other things of what are some risks involved with these and how they could be used when you are a just normal investor, uh, even if it's not in a retirement portfolio.

So Andrew, why don't you explain to the audience a little bit what is an alternative investment? Uh, define it a little bit for us. Sure. So the first way to think about an alternative investment is, uh, an alternative to what? So we should talk about what is a traditional investment. First, traditional investments are typically thought about as big stocks, which is ownership in companies.

Or fixed income products, which is bonds, which is typically a debt, either a company or a country or a city or something like that. Or, uh, we also like to think cash is being traditional fixed income asset. So those are traditional assets. So then alternatives are things that are outside of that. So some [00:02:00] big ones that people are familiar with are real estate.

Precious metals, gold, silver, jewelry, artwork, uh, or any type of collection between include trading cards and things like that. Mm-hmm. So to kind of hone in a little bit specifically on gold, we've seen gold go on this historic run starting back in 2024, where it actually outpace the s and p 500, and even in 2025, it had another record year.

2025 had some variables to say the least. We saw the large tariffs implemented on Liberation Day, and we saw this kind of now coined Sell America trade,

where a lot of the foreign central banks and investors began selling at a dollar denominated assets. We saw the dollar crash and we saw this kind of pivot to gold, and we see now we're at, you know, record highs where gold's sitting at, you know, five, around \$5,000, uh uh, for its price.

How might a person in retirement or an everyday investor [00:03:00] interpret this record running gold? Is this something that maybe they could consider putting in their, uh, retirement portfolios? Well, so I think you said at the beginning of your question that it has gotten a lot attention recently, which is making it exciting.

But if we zoom out over any real period of time, not the last couple years, but 10, 20, 50 year time horizons. Gold actually appreciates closer to cash, which is to say not that good. So yes, can be part of a trading instrument if you're trying to get the timing right, but it isn't, uh, necessarily a good long term holding.

Uh, if we're looking at how other growth assets are. That said, right, the appeal is that it should be corresponding differently than your other assets. So small percent holdings single digits may make sense. Uh, but it ultimately depends on where your overall goals are. Mm-hmm. And to kind of focus on Bitcoin, we've seen it go down in the opposite direction where it's now down close to 40% over the last six months.[00:04:00]

Bitcoin has often been kind of correlated with gold 'cause it has been kind of coined that digital gold variant. How might Bitcoin be looked at now given the recent market volatility and the correlation to where I see it as, you know, an advisor as well, where a lot of people with these alternative assets, there's a, an allure around the performance that is sometimes often attached to 'em.

And Bitcoin was on a historic run prior to its crash. And I think a lot of it had to do with people wanted to buy Bitcoin for the performance. Then now we're seeing that gold is kind of doing what Bitcoin was doing two years ago, and it's kind of like a rotation. How might someone look at Bitcoin now given its recent crash?

Is it truly digital gold or is it some other sort of speculation tool? Well, so if we really follow the Bitcoin graph, it corresponds pretty close to other tech companies rather than, as you were saying, gold [00:05:00] and especially at its inception. I think he was really an investment in electricity. Mm-hmm.

But if we, you know, back when, about 2012 when it was invented, electricity was significantly cheaper than it's today. Especially with the AI narrative and

data center build outs and all of that. So the mechanism that you were really transacting Bitcoin on, which is electricity, peer-to-peer networks, is much more expensive and also therefore cost prohibitive, uh, than it could have been.

Versus what the original inception was. So, uh, that made it less appealing than physical gold for sure. Yeah. And one of the things that Andrew mentioned earlier when we were talking about traditional assets was the use of cash flow from these, um, you know, investments. Bitcoin and gold do not produce any cash flow.

So like you were saying before, Andrew, when it comes to how we do fundamental analysis as investors, it is often very hard to put a price. On these alternative assets, [00:06:00] specifically Bitcoin and gold, because they don't produce a cash flow, uh, it's hard to really put a projection of what these might be worth if we don't know how much, you know, money they're going to produce.

Whereas a bond or stock can produce dividends and interest. I would say that's actually one of the things that links other alternatives is in general, especially if we're talking about tangible assets, so that jewelry or one that's common and people are familiar with would be real estate. You have to find a specific buyer and you could kind of run a risk of either, if you want to sell it quickly, you have to market to move so it gets, you know, bids and sells quickly.

If you're looking for the highest possible dollar, it might be in the market for a really long time. And then things like real estate have holding costs or, you know, even gold, if you think about, if you have large amounts of gold, you'll probably want to store safely. So it might, that might even have a holding cost.

So there's maintenance costs that a lot of alternatives have that traditional assets [00:07:00] don't. Yeah. And to touch upon, 'cause I know you mentioned, uh, jewelry, real estate, even gold and Bitcoin, you were kind of. Pointing us in the direction of what we like to call liquidity, uh, risks with these alternative investments, uh, explain to, you know, some of the people who might want to hold these alternative investments in a portfolio, what a liquidity risk is, and how it could affect maybe, you know, real estate goal, trying to find a buyer and turn this into cash quickly.

Right. So I, I was going down the path. So yeah, liquidity risk is what we refer to is. If you need cash immediately, you're very unlikely to be able to get the highest possible dollar. Uh, you're gonna have to possibly fire sale to asset. And

then especially things like gold, most people don't want gold. If you try and buy your groceries in gold, they're not gonna take it.

Try and pay your mortgage in gold. They're not gonna take it. So you often have to go to a special dealer to either buy or sell, and there's oftentimes high surcharges to even [00:08:00] transact. But you have to build into what your potential profit could be. Last alternative investments that we'll cover today in, uh, in depth is real estate.

And I know that there is a lot of things on, whether it's television or on your TikTok and Instagram reel where you see a lot of things about passive income rental properties and how they are very easy to set up and maintain, and you could just sit on your couch and collect a rent check. Um, there are a lot of hidden costs that go into running a property, you know, maintenance fees.

If you don't want to do it yourself, you do need to hire a property manager. Um, explain to our audience, uh, what are some, you know, caveats to becoming a landlord now and what are some possible things that you might have to consider if you're gonna really sign up for that? Uh, you know, commitment and retirement per se for extra income.

So, a lot of clients in my office may inherit a house. That they decide, oh, maybe I'll use this as a rental. But it really [00:09:00] depends on how the property is itself. If it is a higher home, you know, in a nice neighborhood, uh, you may need to charge a certain amount that there is no market for because the people that would potentially be interested in your house would rather buy it than rent.

So that's a consideration. Mm-hmm. Um, I've seen a lot of people be happiest when they acquire a property that's specifically designed to be a rental. So something in a college town or a boom town where you have lots of new families moving in, workers, things like that. So you have a steady, consistent turnover rather than, oh, I acquired this house that I just happened to own, rather looking into that, uh, there's also going to be repairs and maintenance costs.

Um, that are just, you need to factor in and what may have been true in the past may not always be true. So Florida's a good example of this. Mm-hmm. If you've got something in Florida, even on the beach, it could be close to a hundred thousand dollars. Pretty good deal for beachfront property. But [00:10:00] we've seen recently insurance costs 10, 20, \$30,000 sometimes.

Uh. Annually for insurance, which may be really each in your profit. So it doesn't make sense anymore long term. Yeah, I, I think we've really seen an uptick in questions like these due to the fact that real estate. Call pretty much post COVID has really appreciated at, you know, historic highs and what you would expect the normal house value to go up every single year.

You know, the historic average is around 3% and we've seen areas go up, you know, 10%, 15% year over year. And that's not historically normal. But post COVID, we've seen it occur multiple years after the fact. So I think there is a lot of appeal where you see the performance and also the rent. Income and it's kind of like almost a win-win.

But there are some things we have to be, you know, cautious of when we're getting into an investment like that. Mm-hmm. Um, that's kind of covered up, uh, everything regarding the alternative investment [00:11:00] sides, and I just want to kind of wrap this podcast up with a quick news headline that I read earlier this week.

Uh, and that will involve kind of our next, uh, podcast, uh, episode. It is. Here is a recent, uh, headline from Schwab going over how Schwab is shutting down its hybrid RoboAdvisor service, which was coined Schwab Intelligent Portfolios, uh, in the first quarter of 2026. This service combined automated investing with the access to a human financial planner.

Um. So they are going to continue their automated fee free intelligent portfolio service. But this combination of having a, a robot slash advisor is going to be, you know, discontinued. This to me screams, uh, the AI story in terms of like. It's gonna take over. What we do as a profession is kind of halted [00:12:00] where this is still a very much a human to human industry.

And I just wanted to get your kind of 2 cents on a headline like that, where Schwab is shutting down something that they were kind of pushing before maybe, you know? Yeah. So when I got into the industry 13 years ago, that was the big narrative at the time, that roboadvisors are going to fundamentally replace the industry.

And over the last 13 years, I've hardly noticed it as a competitor at all. I think it is that, I think Trump's using it for. Entry level. You know, people just come out of college starting out their investment career where they're charging fees on something that maybe was going essentially fearless or it's encouraging people to save it all.

But as people accumulate wealth, they really do want someone to hold their hand and walk them through with experience rather than just simply an algorithm. Yeah. So we'll cover this more in our next podcast, but this was the Well To Depends podcast. Uh, I'm your host Derek Doyle. And I'm Andrew Baron, and we'll see you next [00:13:00] time.