



One Aspire

Financial education at the core

A FREE GUIDE TO ALTERNATIVE INVESTMENTS

What I Wish I Knew Before Investing Beyond the Stock Market

What alternative investments are, the benefits people look for, where they can fit next to your 401(k) and brokerage account, and the risks and questions to check before you commit a dollar.

PRIVATE CREDIT

REAL ESTATE EQUITY

OIL & GAS

EQUIPMENT & TINY HOMES

PRIVATE COMPANIES & FILM

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Why I wrote this guide



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For years, my savings followed the usual path: 401(k), IRA, HSA and the stock market. Those are still the foundation. But when I started looking beyond them, I found a world of private credit, real estate projects, energy and equipment that nobody had ever explained to me.

I now invest in this space myself, in both fixed-interest deals and profit-sharing projects. Some have gone well. Some have taken much longer than promised. That experience taught me more than any brochure: **the timeline is often the biggest risk**, the people running a deal matter as much as the asset, and this space has its share of schemes that look great on paper.

This guide is what I wish someone had handed me at the start. It won't tell you what to buy, because I don't give investment advice. It will help you understand what these investments are, where they might fit, and the questions to ask before you commit a dollar.

Read it, take notes, and bring your questions to your own CPA and advisor. And if you'd like to learn more, my webinars are always free.

— Raj

HOW TO USE THIS GUIDE

Page 3 explains why people look beyond stocks and where alternatives fit. Pages 4–7 cover five types of alternative investment. Page 8 compares them side by side with lessons from experience, and page 9 has a due-diligence checklist you can use for any offering.

START HERE

Why people look beyond stocks and bonds

Alternative investments are assets outside public stock and bond markets: loans secured by property, ownership stakes in hotels or parks, energy projects, equipment and private companies. People usually explore them for five reasons.

1

Diversification

Many don't rise and fall with the stock market day to day, which can steady a portfolio.

2

Regular cash flow

Interest, rent or production income paid monthly or quarterly under a written contract.

3

Real assets behind them

Many are backed by property, equipment or a recorded lien, not just a share price.

4

Tax features

Some carry depreciation, drilling-cost deductions or credits that public investments don't.

5

Access to private markets

Businesses and projects that aren't available on a stock exchange.

!

The trade-off

Less liquidity, less regulation, longer timelines and real risk of loss. More on this on page 8.

WHERE THEY CAN FIT

Alternatives usually come after the basics, not instead of them

Alternative investments

Private credit, real estate equity, energy, equipment

Public investments

Index funds, stocks, bonds in a brokerage account

Tax-advantaged accounts

401(k), IRA, HSA and employer match

Foundation

Emergency fund, insurance, manageable debt

THEY TEND TO FIT PEOPLE WHO

- Already use their 401(k), IRA and HSA and want to diversify further
- Have money they won't need for 2 to 7 years or longer
- Want cash flow that doesn't depend on selling stocks
- Pay significant tax and want to understand what the tax code allows
- Meet accredited-investor rules for private offerings (page 9)

KEEP IT PROPORTIONATE

Many investors keep alternatives to a portion of their portfolio and spread that portion across several types and sponsors, rather than putting it all in one deal.

Private credit

You lend money to a project or business, usually secured by real property, and receive interest at a rate set in the contract. At the end of the term, your principal is repaid.

YOU RECEIVE	TYPICAL TERM	PROTECTION	MAIN RISK
Fixed interest, monthly or quarterly	About 1 to 5 years	Lien on real property, ideally first position	Late payment and timeline delays

HOW IT WORKS

- A borrower, such as a hotel owner or developer, needs capital for a set period.
- Investors lend through a note, often recorded against the property as a lien.
- The contract states the interest rate, payment schedule, term and exit.
- A **first-lien** position means that if the borrower defaults, the lender has first claim on the property ahead of other creditors.

WHERE IT CAN FIT

- People who want predictable income more than growth
- Diversifying away from stock-market swings
- Shorter commitments with a defined exit date

TAX NOTES

- Interest is generally taxed as ordinary income.
- Can sometimes be held in a self-directed IRA, which has its own rules.

COMMON FORMS

Trust deeds

Secured notes

Bridge loans

Private credit funds

WHAT TO VERIFY

Is the lien actually recorded, and in what position? What is the property worth versus the loan (loan-to-value)? What happens, step by step, if payments stop? Collateral can help protect principal, but it does not prevent delays: recovering money through a property can take months or years.

Real estate equity

You own a share of income-producing property alongside other investors. You share in rental income, in any growth in value when the property is sold, and in tax deductions such as depreciation.

YOU RECEIVE	TYPICAL HOLD	TAX FEATURE	MAIN RISK
Preferred return plus profit share	About 3 to 7 years	Depreciation, often accelerated	Operator execution and delays

HOW IT WORKS

- A sponsor (operator) finds, buys and runs the property; investors provide most of the capital.
- Investors often receive a **preferred return** first, then share remaining profits with the sponsor.
- A **cost segregation** study can front-load depreciation into the early years.
- Returns come from cash flow now and a sale or refinance later.

EXAMPLES DISCUSSED IN OUR SESSIONS

Hotels

Mobile home parks

RV parks

Tiny home communities

Apartments

Syndications

WHERE IT CAN FIT

- Longer-horizon investors who want growth and income
- Those who want real estate without being a landlord
- People looking for depreciation to offset other income, subject to the rules below

TAX NOTES

- Losses are usually **passive**: for most W-2 earners they offset passive income only, unless an exception applies.
- Depreciation can be **recaptured** and taxed when the property is sold.
- You'll receive a K-1, which can arrive late and delay your return.

WHAT TO VERIFY

The sponsor's track record through a downturn, how much of their own money is in the deal, the fees they earn, the debt terms on the property, and how the business plan changes if occupancy or interest rates move against it. With equity, results depend heavily on execution.

Oil & gas working interests

You own a share of wells being drilled or operated. If the wells produce, you receive a share of oil and gas sales, and the tax code allows notable deductions for drilling costs.

YOU RECEIVE	TYPICAL HOLD	TAX FEATURE	MAIN RISK
Monthly production income, if wells produce	About 5 to 10 years	Drilling-cost deductions plus depletion	Dry or weak wells, prices, delays

HOW IT WORKS

- An operator drills and runs wells; investors fund a share of the costs.
- **Intangible drilling costs** (labor, fuel, site work) are often a large share of the budget and may be deductible in the first year.
- A **working interest** can let those deductions offset active income, but it also carries more liability than a passive interest.
- Once producing, a **depletion allowance** can shelter part of the income.

WHERE IT CAN FIT

- High earners who can accept a real chance of loss
- A small slice of a diversified alternatives allocation
- Investors with a long horizon and patience for start-up delays

TAX NOTES

- Deductions may be recaptured if the interest is sold.
- Expect K-1s and more complex returns; a CPA experienced in energy helps.

WHY THE RISK IS HIGHER

Unlike real estate, if a well is drilled and doesn't produce, there may be no asset to fall back on, and the capital can be lost. Even productive projects commonly run months behind schedule because of permits, weather, equipment and operator changes. Oil and gas prices also move income up and down.

Equipment ownership and high-conviction private deals

Two very different categories: one built around a tangible asset and depreciation, the other around long-shot growth.

TYPE 04 • EQUIPMENT

Equipment & tiny homes

RISK LEVEL



You buy income-producing equipment, such as modular or tiny homes, that is leased or operated by a manager. Because it is equipment, it may qualify for accelerated or bonus depreciation, which can be as high as 100% of the cost in year one under current federal law.

WHERE IT CAN FIT

- Earners with active income seeking first-year deductions
- Those who want a titled, tangible asset

WHAT TO VERIFY

- That the asset is titled to you and placed in service on time
- Excess business loss limits on W-2 income
- The operator's strength and the asset's resale value

TYPE 05 • HIGH CONVICTION

Private companies, pre-IPO shares & film

RISK LEVEL



Stakes in companies before they go public, or in feature-film productions that pay from royalties and profit participation. The upside can be large, but many private companies never reach an IPO, and many films never earn back their costs.

WHERE IT CAN FIT

- Accredited investors with a long horizon
- Only money you could afford to lose entirely
- A small slice, never a core holding

WHAT TO VERIFY

- Exactly what you own: shares, a fund interest or a contract
- Fees and markups layered on top of the shares
- Where you rank for payment if revenue is limited

Side-by-side comparison

TYPE	HOW YOU EARN	TYPICAL HORIZON	TAX FEATURES	LIQUIDITY	RISK
Private credit	Fixed interest	1–5 years	Interest taxed as ordinary income	Low until maturity	● Lower—moderate
Real estate equity	Preferred return + profit share	3–7 years	Depreciation; recapture on sale	Low	● Moderate
Oil & gas	Production income	5–10 years	Drilling-cost deductions, depletion	Very low	● High
Equipment & tiny homes	Lease or operating income	3–7 years	Accelerated / bonus depreciation	Low	● Moderate
Private companies & film	Sale, IPO or royalties	5–10+ years	Varies	Very low	● Very high

LESSONS FROM EXPERIENCE

What real investors learn over time

Time delay is the biggest risk

Projects often take longer than planned. Money can be safe and still be late, so only invest funds you won't need on schedule.

Execution varies by operator

Two similar deals can turn out very differently depending on who runs them. The people matter as much as the asset.

Fixed interest tends to be steadier

Secured, fixed-interest deals have generally given a smoother experience than equity deals, which swing more with execution.

Collateral protects, but slowly

A lien or asset can help protect principal, but it doesn't guarantee on-time payments or a quick recovery.

This space attracts schemes

Guaranteed high returns, pressure to decide fast and missing documents are red flags. Proper contracts and trustworthy people are essential.

Paperwork takes time

K-1s can arrive late and returns get more complex. Plan with your CPA before tax season.

A 12-question due-diligence checklist

Ask these about any alternative investment, and get the answers in writing.

- 1 Who is the sponsor or operator, and what is their track record, including deals that went badly?
- 2 How much of their own money is invested alongside yours?
- 3 What exactly do I own: a loan, an LLC interest, a title, or shares?
- 4 What protects my principal, and is any lien recorded, in what position?
- 5 How and when am I paid, and what happens if payments stop?
- 6 What is the term, and what is the realistic exit plan?
- 7 What are all the fees, including ones paid to the sponsor?
- 8 Can I get my money out early? At what cost?
- 9 What are the specific risks, and what is the worst realistic outcome?
- 10 Who are the attorney, accountant and custodian, and are they independent?
- 11 How will this affect my taxes, and what tax forms will I receive?
- 12 Has my own CPA or attorney reviewed the documents?

WHO CAN INVEST IN PRIVATE OFFERINGS?

Accredited investor rules

Many private offerings are open only to accredited investors. Under SEC rules, that generally includes people with:

- Income over \$200,000 (or \$300,000 with a spouse) in each of the last two years, expected to continue
- Net worth over \$1 million, not counting a primary home
- Certain professional licenses, such as Series 7, 65 or 82

RED FLAGS

Walk away if you see

- "Guaranteed" or unusually high returns
- Pressure to decide quickly or keep it secret
- No offering documents, contracts or audited numbers
- Returns that can't be explained by the underlying asset
- Reluctance to let your CPA or attorney review

NEXT STEPS

Keep learning, at your own pace

Alternative investments aren't for everyone, and they work best as one part of a plan you understand. If you'd like to learn more, these steps are free.

1. Join a free webinar

Hear tax strategists, CPAs and providers explain how these work, and ask your questions live.

2. Book a 1-on-1 session

A private, no-obligation conversation about which topics are worth learning more about.

3. Review with your CPA

Bring what you learn to your own advisors before making any decision.



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Financial education on tax strategies and alternative investments. I bring experts into webinars; you review the information and make your own decisions.

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