Twitter Thread by michaelsidgmore



michaelsidgmore
@michaelsidgmore

1/ The big story for #FinTech in 2021?

■ Alt Goes Mainstream ■

How did we get here? Who are the players? Where do we go next?

Thread ■below ■

And check out Substack for how the confluence of a number of trends will change investing as we know

2/ FinTech has ushered in new waves of access to different types of alternative investments.

Over the past decade, we witnessed a groundbreaking era of democratized access to alternative investments.

Not long ago, it seemed unthinkable that individual investors could ...

3/ ■ invest in fractions of a loan. @LendingClub
made that possible.

■ invest $20 alongside Sand Hill Rd VCs into a fast-growing startup. @joinrepublic made that possible.

■ invest alongside endowments into a top private equity fund. @icapitalnetwork made that possible.

4/ We have now hit the era of alt alt assets.

People can now invest in everything from classic ■ to ■ to ■ & ■ cards thanks to democratized access to investing in real things.

5/ The hype is real.

If there's any cohort of people who view culture as a financial asset, it's Millennials and Gen Z.

https://t.co/ERJjxfR9gJ

> Never invested in illiquid assets before. So I put a small amount of money in @OnRallyRd.
>
> Pretty cool to open up the app and see one of the investments exited and I made a profit.
>
> Alternative asset asset investing is cool.
>
> — \U0001f6d2\u26fd\ufe0fJelani (Jay) (@jelanisince94) January 4, 2021

6/ You can go on @OnRallyRd and buy a fraction of a classic car or if you're a @chicagobulls fan, you can buy a piece of their 6 Championship Rings.

https://t.co/8pStWRHmFM

You can go on @stockx and buy or sell a rare Air Jordan shoe just like you'd do with a stock.

> .@OnRallyRd is the new SNKRS app. Everything you want, but always unavailable cuz the hype is too real. pic.twitter.com/4ANHwnvz3q
>
> — marco marandiz (@allthingsmarco) December 25, 2020

7/ You can go on @OnlyAltOfficial to manage your trading card collection and invest into funds that enable you to access an emerging and outperforming trading card asset class.

https://t.co/QeIt5cCy5q

8/ 2020 created the perfect storm for alts to take center stage in investors' minds as a viable, return-generating asset class.

The culmination of a number of trends in private markets has made it palatable for investors to put money into alternative assets.

■■■

9/ ■ Technology Innovation ■

Online investment platforms like @RobinhoodApp made one-click investing seem normal.

Alts platforms like @joinrepublic, @icapitalnetwork, @AngelList, @FundersClub have made alts both investable - and even tradable in some cases.

10/ ■ Favorable Regulatory Environment ■

Crowdfunding regulations have enabled investors to access private markets.

The JOBS Act enabled private companies to complete securities offerings that allow them to raise up to $1 million from non-accredited investors.

11/ ■ Low Rate Environment ■

We've been mired in a low interest rate environment since the Great Recession.

Where do investors go in their search for yield? Alternative and uncorrelated assets that might be higher risk, but can also be higher reward investments.

12/ ■ New Names to Trade ■

Other than cloud stocks & a few other companies, the equity markets were relatively boring for individual investors pre-COVID as passive ETF investments became the norm.

The market responded by bringing forward timeline for attractive IPOs & SPACs.

13/ ■ Value Capture Shifted to Private Markets ■

Private companies staying private longer has shifted the value creation event for investors to private markets.

Investing at Microsoft's IPO? 4,800x return.

Investing at Facebook's IPO? 7.6x return.

14/ ■ Marrying Interests with Investments ■

Never before have investors been able to marry their interests with their investments in such a direct way.

Chicago Bulls fan? Go @OnRallyRd & invest in 6 Bulls Championship Rings. And stack gains too ■■

https://t.co/8pStWRHmFM

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> — marco marandiz (@allthingsmarco) December 25, 2020

15/ ■ Put Your Money Where the Movement Is ■

We are seeing a rise in influencers - athletes, creators, artists.

These influencers are able to direct their followers to buy, use, or invest in things they promote, which is now likely something they are also invested in.

16/ Long gone are the days of a 60/40 portfolio, particularly for Millennials and Gen Z.

Alts are as palatable an investment to Millennials and Gen Z as stocks and bonds have been to Baby Boomers.

17/ Retail ■ Institutionalization.

One of the most interesting features of alt platforms is that platforms which aspired to democratize access ultimately ushered in new forms of institutionalization over time.

Retail is usually at the forefront of these new asset classes.

18/ They generally start out with individual retail investors before bending towards the arc of institutionalization as more capital flows into the asset class.

Then, institutional participation begets more retail demand.

19/ What's the difference this time around?

The first wave of alt investment platforms democratized access to assets that were already the domain of institutional investors.

This wave of alt alt assets have had very little institutional investor participation to date.

20/ So, how will these new asset classes institutionalize without historical precedent?

■ Crypto and #Bitcoin to see what the arc of institutionalization will look like w/ trading cards and collectibles.

21/ With @Fidelity, @massmutual, @MicroStrategy, @michael_saylor putting $$$ into #BTC, crypto is finally hitting the mainstream.

So, could we expect a similar story to play out with cultural assets?

22/ Think abt this: over $10 trillion of investable assets in the US is held at wealth management units of firms like @MorganStanley & independent platforms like @DynastyFP.

HNW community remains structurally underallocated to alts. HNW have 1-5% to alts vs 20% for institutions.

23/ The issue of underallocation for advisors and their clients has previously come down to access. Now, these alternative investment platforms have solved the access problem.

We will soon see financialization and institutionalization of alt alt assets.

24/ It may be a few years before we see a @Fidelity @stockx ETF, but it won't be at all surprising.

When it happens, these platforms will have democratized access to another asset class - & paved the way for

institutionalization of alt alt assets

That's why Alt Goes Mainstream