

Strategic flexibility: Navigating markets with a multi-strategy approach

Multi-strategy alternative funds offer multiple potential avenues to achieve investment outcomes

Investors must often balance dual and sometimes competing objectives of income and return generation, as well as capital preservation. Historically, market dynamics have favored one over the other at any given time, and individual asset classes have exhibited varying performance relative to investor objectives.

By diversifying across asset classes and investment strategies, investors may be better positioned to pursue both returns and capital preservation through shifting markets. Unlike traditional single-strategy funds that focus on just one style or asset class, multi-strategy funds can dynamically modify exposure to a selection of investment approaches depending on market conditions.

Multi-strategy funds with the flexibility to invest in alternatives may leverage additional benefits. Institutional investors have long employed alternatives as a core component of their overall portfolios. They recognize the diversification and risk-mitigation benefits of alternatives, including a lack of correlation with traditional market movements. Today, the opportunity to invest in institutional-quality alternative assets is available to a wider set of investors.

We recently spoke with **Steve Altebrando**, first vice president, portfolio oversight, at CIM Group. Below is an excerpt of that conversation.

What are multi-strategy alternative funds, and how are they different?

Simply put, multi-strategy funds focus on more than one style or asset class. Unlike the more common single-strategy funds, multi-strategy offerings use a diversified investment approach that combines different strategies within a single portfolio.

Single-strategy funds require financial advisers and their clients to research and invest in multiple funds to construct a portfolio they believe will meet their investment objectives. In contrast, multi-strategy funds allow advisers and their clients to evaluate a smaller number of funds that allocate across multiple asset classes, potentially achieving several investment objectives with fewer investments, reducing the workload for advisers and clients.

Why might an investor consider a multi-strategy alternative fund?

Multi-strategy alternative funds offer several potential advantages, including access to various asset classes, volatility mitigation and diversification potential, and management by multiple specialized teams.

- **Flexibility across strategies and asset classes**

The ability to adjust strategy and asset-class exposure amid changing market conditions is a key potential advantage of multi-strategy funds. By harnessing the strengths of various strategies when most advantageous, multi-strategy alternative funds have the potential to drive value for investors as market conditions shift and mitigate overall volatility more effectively than a single-asset strategy.

Further, single-strategy funds have limited levers to pull when faced with market headwinds that are unfavorable to their strategies. As a result, despite facing deteriorating fundamentals and valuations, their mandates require them to continue deploying capital into their prescribed strategy or asset class. Multi-strategy funds can better navigate changes in market conditions because they have more than one lever at their disposal.

- **Risk-return and diversification potential**

When added to a traditional equity/fixed-income portfolio, multi-strategy alternative funds can contribute to income and returns while mitigating risk through diversification across asset classes. A multi-strategy real asset offering may also lower volatility, as real assets tend to exhibit lower correlation to public capital markets such as equities and bonds.

- **Integration of specialized capabilities**

While the investment teams of single-strategy funds may operate in silos, multi-strategy funds can leverage the full breadth of specialized in-house capabilities to diligence and invest in opportunities across asset classes. By integrating expertise from multiple specialized teams, managers can provide more comprehensive oversight, stronger risk mitigation, and clearer visibility into relative value.

Are there drawbacks to the multi-strategy approach?

As with any investment, there are tradeoffs. While multi-strategy alternative funds can offer income and return potential along with reduced volatility through diversification, the limited exposure to a single asset class can also limit potential gains during periods when one asset class strongly outperforms others.

However, diversification helps protect an investor when a single asset class experiences sharp underperformance. Over a full market cycle, multi-strategy funds can benefit from participating in the upside of outperforming asset classes and sectors while also experiencing muted draw-downs during downturns.

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How does CIM implement a multi-strategy approach?

CIM's breadth of expertise spans real estate, infrastructure and credit platforms. With more than \$30 billion of assets owned and operated,¹ CIM leverages specialized, in-house investment teams to find the most compelling opportunities across those asset classes.

Through its multi-strategy approach, CIM invests in alternative real asset equity as well as liquid and private real asset and corporate credit. Exposure to alternative asset classes offers the potential benefits of higher yields and returns as well as lower volatility. The ability to invest in public assets offers increased manager flexibility and liquidity, which can be helpful when navigating varying market conditions.

Understanding that an advantage of multi-strategy funds is the ability to shift allocations based on market conditions, what is CIM's outlook for the commercial real estate and credit markets?

We believe the table is set for a recovery in commercial real estate, with both debt and equity sides positioned

for a stronger footing. Several factors support that view, including the recent declines in short-term interest rates, stabilization of long-term rates and constrained new supply. Construction starts have been below average since early 2023, and higher costs are likely to keep them low.² Meanwhile, long-term rates have receded and mostly stabilized just north of 4 percent.³ Real estate debt spreads are currently attractive, while improving fundamentals and recovering property values are gradually improving collateral quality.

Macro uncertainty, including questions around inflation, global demand and the Federal Reserve's path, has contributed to a more mixed outlook for corporate credit. Recent softening in the liquid corporate credit markets, driven in part by concerns over the impact of artificial intelligence (AI) on business models, has pushed spreads wider and highlighted where fundamentals may be more vulnerable.

We remain conservative on private corporate credit fundamentals and yields generally, while acknowledging that returns are normalizing from historical highs in prior years. Given this backdrop, we see a compelling case for a multi-strategy approach as real estate and corporate credit move through the market cycle.

In our portfolio, we have reduced corporate credit exposure to some degree and are reallocating toward real assets, where improving fundamentals and constrained new supply support a recovery. We are also seeking attractive real estate credit opportunities with improving property fundamentals backed by high-quality collateral. Taken together, these shifts allow the portfolio to seek real asset recovery dynamics alongside solid income potential in credit, while also enhancing diversification.

We believe that in this environment, multi-strategy funds can be an attractive option for balancing the sometimes-competing objectives of income and return generation with capital preservation.

¹ As of Dec. 31, 2025. Assets owned and operated (AOO) represents the aggregate assets owned and operated by CIM on behalf of partners (including where CIM contributes alongside for its own account) and co-investors, whether or not CIM has discretion, in each case without duplication.

² CoStar, data from 2007 Q4 to 2025 Q1, accessed May 1, 2025.

³ CNBC.com. Data accessed June 6, 2025.

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For more information, visit www.cimgroup.com.

CORPORATE OVERVIEW

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