



National Leadership for the Direct Investments Industry

FACT SHEET

The IPA supports individual investor access to a variety of asset classes not correlated to the traded markets and historically available only to institutional investors, including: non-traded REITs, non-traded business development companies (BDCs), energy and equipment leasing programs and real estate private equity offerings. Direct Investment products are held in the accounts of more than 2 million individual investors. They remain a critical component of an effectively diversified investment portfolio and serve an essential capital formation function for the U.S. economy. The mission of the IPA is advocating Direct Investments through education and public awareness.

Members



168
FIRMS

- Product Sponsors
- Broker-dealers
- Service providers

Members operate and have investments in all 50 states and around the world.

Leadership



- Establishing and encouraging best practices on behalf of the investing public
- Continuously striving to enhance overall product transparency through published industry guidelines
- Raising public awareness through proactive, fact-based communication

Advocacy



- The leading voice on critical legislative and regulatory issues affecting the Direct Investments industry
- Creating opportunities for the advancement of industry objectives via the regulatory and political process
- Communicating directly with state and federal lawmakers and industry regulators about the distinct economic benefits of Direct Investment products

Education



- Raising investor awareness of Direct Investment products through FINRA reviewed client brochures and seminars
- Offering on-demand E-learning courses to increase knowledge among Financial Advisors
- Publishing a wide array of industry related white papers, research reports and data analysis

Direct Investment Product Categories:



Non-traded REITs

Non-traded REITs own, operate and/or finance income-producing real estate and pay at least 90% of their taxable income as investor dividends. They are registered with and regulated by the Securities and Exchange Commission, but do not trade on a major securities exchange.



Non-traded BDCs

Non-traded Business Development Companies (BDCs) make equity or debt investments in developing businesses, thereby providing access to capital that would not otherwise be available through traditional banks or the public equity capital markets. BDCs are one of the fastest-growing sources of capital for small and mid-sized American businesses.



Private Placements

Private Placements encompass a variety of investment asset classes, including: energy, equipment leasing and real estate private equity programs, including 1031 exchanges. Private placements can be suitable for both accredited and non-accredited investors, providing access to specialty assets that can deliver diversification beyond conventional stock and bond allocations.

Direct Investment programs can provide several benefits to investors, including:

- Potential higher-than-average income-generation through regular distributions;
- Portfolio diversification and non-correlation to equity and fixed-income investments;
- The absence of daily stock price fluctuations;
- Acting as a potential inflation hedge;
- Potential for improved overall investment portfolio performance.



Industry At-A-Glance

as of 12/31/2015

\$90 billion Total assets held by non-traded REITs

\$21.8 billion Total assets held by non-traded BDCs

\$14.1 billion Placed in Direct Investment programs in 2015

28,131 Financial advisors sold Direct Investment products in 2015

1,203,477 Investors had non-traded REITs or BDCs in their investment portfolio

Average investor account size **\$19,348**

Investor Age | **50+** **85%** **65+** **43%**

Sources: SK Research, Robert A. Stanger & Co. Inc., DST Systems