

Real Estate in the Investor's Portfolio: A Literature Review



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This paper presents an overview of the financial-economic literature that compares the performance of real estate investments and financial alternatives, and the literature that focuses on the diversification effects of real estate within the investment portfolio. It follows from the empirical literature that investments in real estate are often less risky and produce lower yields as compared to stock investments, exhibit various specific types of risk and consideration, and commonly generate a hedge against expected inflation, though not against unexpected inflation. Further, real estate investments improve the efficiency (in mean-variance terms) of portfolios of stocks and bonds. Finally, the literature indicates that REIT investments are limited in their ability to mimic direct real estate investment.

Hedge Funds: A Type of Alternative Investment



David Disatnik

A decade of worldwide low interest rates has increased significantly the demand for alternative investments. One type of alternative investment that has prospered in recent years is hedge funds, and in 2018, the global hedge fund industry had more than three trillion dollars of assets under management. In this article, we describe the main characteristics of hedge funds, survey investment strategies that hedge funds follow, and discuss the performance of hedge funds in Israel and in the U.S.