revenues and gains from lower payments of public transfers to those who require them less as a result of being more educated. This last benefit is difficult to measure accurately, and has not been used in calculating social returns; estimates of fiscal returns are as a result less reliable. Inevitably, because of data constraints, the most robust measures of benefit and of returns focus on market outcomes only, and are based on formal educational attainment rather than on wider definitions of human capital investment. Notwithstanding the variety of complex inter-linking factors that underpin economic growth, the evidence does point to a positive relationship between expenditure for education and macroeconomic performance. But the mechanisms that create this impact, and hence the most effective types of investments in human capital, remain poorly understood.

The most substantial finding is that tertiary education constitutes a relatively high cost to the taxpayer (per student), but appears to yield relatively high benefit to tertiary graduates.

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ALTERNATIVE INVESTMENTS

In the past ten years, alternative investments have moved from the tactical fringes of public pension investment portfolios to the strategic mainstream. According to Preqin, total industry assets now stand at 6.91 tn dollars. Nevertheless, there exists no universal definition of the term “alternative investments”. Basically, this term suggests investments that are not typical or non-traditional of investors to be included in their portfolios of stock, bonds and cash.

Alternative investments often share a few principal characteristics. They are as follows:

- historically low to moderate correlation with traditional asset classes (stocks and bonds);
- not listed on an exchange, that is why it may be difficult to determine the current market value of the asset;
- characterized by reduced liquidity;
- there may be limited historical risk and return data.

However, the concepts of ‘traditional’ and ‘alternative’ may significantly vary over time. For example, the international stocks and derivatives have been considered as alternative assets during the 1970’s, while real estate have been thought as part of the ‘alternative’ group during the 1980’s. Today, the term of alternative investments is relatively loose and includes tangible assets such as precious metals, art, wine, antiques, coins and stamps and some financial assets such as real estate fund, hedge funds, venture capital, private equity, distressed securities, carbon credits, and financial derivatives.

According to the McKinsey&Company research of 2013, hedge funds account for 36% of all alternative investments, while the share of real assets forms 33%, and private equity stand for 29%. In reference to profitability the best performance was recorded by venture capital which achieved annual return of 16.91%, however this remarkable profit comes along with extremely high standard deviation of 42.11%. Similar profitability (8.25%) was showed by investments in commodities, gold and precious metals, while real estate has brought the lowest annual revenue of 5.79%. Judging by risk and return characteristics of hedge funds, they can be cited as the best investment opportunity. Therefore hedge fund strategies considered to be the most beneficial for investors, as their annual returns range between 7.58% and 17.24% and simultaneously they have relatively low standard deviations. Concerning indices, such ones as S&P 500 and MSCI Europe recorded modest performance of 8.05% and 7.44% respectively.

Among the main investors Private sector pension funds are in the lead (15%). They are followed by fund of funds managers (14%), foundations (13%) and public pension funds (10%). Insurance companies, investment banks and investment companies account for 6%, 5%, 4% correspondingly.

Considering the geographical structure, North America, a prominent hub for alternative assets investments, hosts the largest proportion (51%) of investors in alternatives. A further 31% of investors in alternatives are based in Europe, another developed market for alternative assets.

Thus, the rapid growth of the market of alternative investment could be explained by two reasons. The average return for alternative investments is higher than for traditional one. Now alternatives account for almost 30% of global industry revenues, while comprising only 12% of industry assets. Moreover, alternative investments represent a good way to diversify portfolio, as many segments of this market have low correlation with traditional investment instruments. In this way, alternative investments is a profitable instrument for investors during crises and economic recession.