Have you ever wondered why the rich get richer? How come 50% of the world's wealth is controlled by less than 1% of the world's population? What do these people have that most of us do not have?

The very wealthy are not any smarter than the average person (although there are, obviously, some exceptions to that rule). And although some may have the good fortune of having been born into privilege, this alone is no guarantee of success in life. One distinct environmental advantage of the uber wealthy is that they have ready access to deals and opportunities that never present themselves to the general public. Effectively, their wealth status gives them a right of first refusal on new business deals.

Let me explain. I started my career as a broker with a medium size broking firm. Working in the capital markets, there was continual grumbling around "the desk" that the Corporate Department never got us access to any good deals for us to offer to our clients. Yet, internally, the Corporate guys were very happy to advertise the successes of the deals that never saw the light of day (or at least never reached our retail client's portfolios). Any good deals were shared amongst the "top corporate clients" and management themselves.

Self-interest is a powerful motivator in business and you know you missed out on a good deal when the boss keeps it all for himself and his mates!

Aside from broking businesses, we have seen the emergence of the "Family Office". Family offices tend to be well connected with access to readily available capital. These family offices also are more of a private club than ever before; and they, too, see a large proportion of new deals before the rest of us (retail market) ever get a look in.

When the retail investor does get an offer to participate in a transaction, you can bet your bottom dollar that the Corporate Departments of the larger institutions have expressed minimal interest and the family offices have given it a miss also (or the retail clients are buying it from the family office as part of the latter's "exit strategy"). All far from ideal if you are a retail investor.

Recently, I was talking with a friend who runs a family office and he was telling me about an investment they had just made. The co-investor was a very well known blue chip Australian company. The potential of the investment is staggering and the corporate pedigree of the co investors even more impressive.

The potential for this investment to multiply in the 100's of times is very high, and in many ways a "no brainer". Great for him and his investor but again a typical example of an opportunity that never reaches the retail investor. Throughout the investment cycle, the retail investor faces an uphill battle.

With the world commodity prices going through what can only be described as volatile times (cyclical down turn). Iron ore, oil, copper, coal, uranium and many other commodities are now at multi year lows after riding the wave of high prices.

The deals that were done at the height of these prices made many millions and billions for their investors, usually sold to other corporates via a takeover process, MBO or sold through Initial Public Offerings (IPO's). Whatever the process, in relative terms, the retail investor saw little of the profit/capital gain.

So, what can a retail investor do to improve his lot in life? What can a retail investor do to enter at the bottom of the market in a good performing company so he/she is and be able to capitalise when the prices rebound? (this, by the way is distinctly different from speculating on non-profitable "penny dreadful's" at 1c who are looking at horrible dilution at a next round of capital raisings).

To take our field of expertise as an example; we have seen oil fall from historical highs (despite a general acceptance that high prices were here to stay given oil is a diminishing resource). Now the sky is falling, who do you think is investing in these deals at the moment? Who is currently investing in these oil and gas opportunities that are yielding 25% or more at these currently depressed prices? What would they earn when the oil price recovers? That's right, the people who are getting access to these deals are the people with specific contacts and connections (they, again, get the opportunity to have a first bite at the apple - and they are filling their boots). We are seeing it happening in our business now.

Blackstone Group LP, the biggest alternative-asset manager and its biggest peers, including Carlyle Group LP, KKR & Co. and Apollo Global Management LLC, have raised more than $15 billion recently for energy investing after the oil price drop. In December 2013, we have seen the largest amount of new investment in oil & gas.

A total of $4.21 billion has been sent into the four biggest U.S. oil ETFs since October, according to data compiled by Bloomberg. The U.S. Oil Fund, the biggest oil ETF, attracted $1.15 billion in January. The largest inflow since records were kept in 1992.

Some of those will be listed plays but most will be direct investments in direct, tangible, producing assets (possibly brought into a listed entity or Fund). For those in the know, there are great deals to be done. For retail investors it means looking beyond what is available on listed equity markets. Listed large caps in the energy sector have retreated but not far enough to reflect the adjustment in oil price. Listed small and mid caps have been hammered hard but with the need for future capital raisings, moving a heavily diluted stock back up the value chain is extremely difficult. Moreover, just because a stock dropped from 20c to 1c does not mean that at 1c it is great value and that you will make a profit…there are plenty of investor carcasses lining the road that can testify to that.

Getting your name on the door at a fine restaurant or party is one thing, finding that group that can get you access to quality deals before they become flavour of the month (or before the price rebounds and project prices are adjusted upwards) is the challenge.

Retail investors should look to align themselves with people who get "first access" to new deals. Find the right guys, let them do the work for you and leverage their contacts and know-how for your investment benefit. It firmly reaffirms that old phrase – ***its not what you know but who you know***.

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For more information: www.maidencapital.com.au