

Definitions of Hedge Fund Strategies

Relative Value

Convertible Arbitrage Investing in convertible securities i.e. long convertible and short the common stock of the same company.

Fixed Income Arbitrage Profits from price anomalies between related interest rate securities. e.g interest rate swap, US & non-US govt. bonds, forward yield curve arbitrage, mortgage backed securities arbitrage.

Equity Market Neutral To exploit equity market inefficiencies, simultaneously long and short matched securities portfolios.

Merger Arbitrage Simultaneously in long and short positions in both companies involved in a merger or acquisition. Also known as special situations or event driven.

Credit

Distressed Securities To invest in debt, equity or other instruments of companies in financial distress and general bankruptcy.

High Yield Investment in low grade fixed income securities of companies that show significant upside potential. Sometimes managers short bonds where they believe there are high credit risks as compared to market price.

Emerging Market Debt Fixed income investing in emerging markets. Mostly long- biased with strategic short positions, sovereign and corporate.

Regulation D Investment in micro and small capitalization companies that are raising money in private capital markets.

Macro

Global Macro Long and short positions in any of the world's major capital or derivative markets. Positions are views on overall market direction as influenced by major economic trends or events. Portfolio includes stocks, bonds, currencies, commodities, cash or derivatives. Overall investments are globally both in developed and emerging markets.

Managed Futures Investment in listed financial and commodity futures markets and currency markets around the world. Managers are usually referred to as CTAs.

Equity Long/Short

Equity Hedge Equity oriented investing on both the long and short sides of the market. Objective is not to be market neutral.

Dedicated Short Bias To maintain net short as opposed to pure short exposure. Short positions are mainly taken in equities and derivatives.

Other Terms

Fund of Funds Invests in other funds

Multi Strategy Invests in different strategies and changes allocations according to market or economic circumstances.

Bottom-Up Stock picking based on individual analysis and valuation. Value driven with leverage, shorting and derivatives