

## **Market Neutral**

Minimal market exposure. Return generated by security selection both long and short. Return goal is commonly T-bills plus 2-4%.

## **Hedged Equity**

Allows exposure to equity market at reduced risk levels as defined by beta, volatility, and drawdown capture (downside capture). Return goal is market returns through a full market cycle with disproportionate upside/downside capture.

## **Opportunistic**

Often tactical with both beta and exposure. These strategies can deploy leverage to gain excess gross exposure; net exposure could be more than 1.0 as well.

**Long/Short Equity**

Long/short equity is an investing strategy of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline. A Long/Short Equity strategy seeks to minimize market exposure, while profiting from stock gains in the long positions, along with price declines in the short positions. Although this may not always be the case, the strategy should be profitable on a net basis. The Long/Short Equity strategy is popular with hedge funds, many of which employ a market-neutral strategy, in which dollar amounts of both long and short positions are equal.

**Market Neutral**

A Market-Neutral strategy is a type of investment strategy undertaken by an investor, or an investment manager, that seeks to profit from both increasing and decreasing prices in one or more markets, while attempting to completely avoid some specific form of market risk. Market-neutral strategies are often attained by taking matching long and short positions in different stocks to increase the return from making good stock selections and decreasing the return from broad market movements.

**Beta** measures a fund's sensitivity to market movements. The beta of a market is 1.00 by definition.

**FTSE 3 Month T-Bill Index** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

