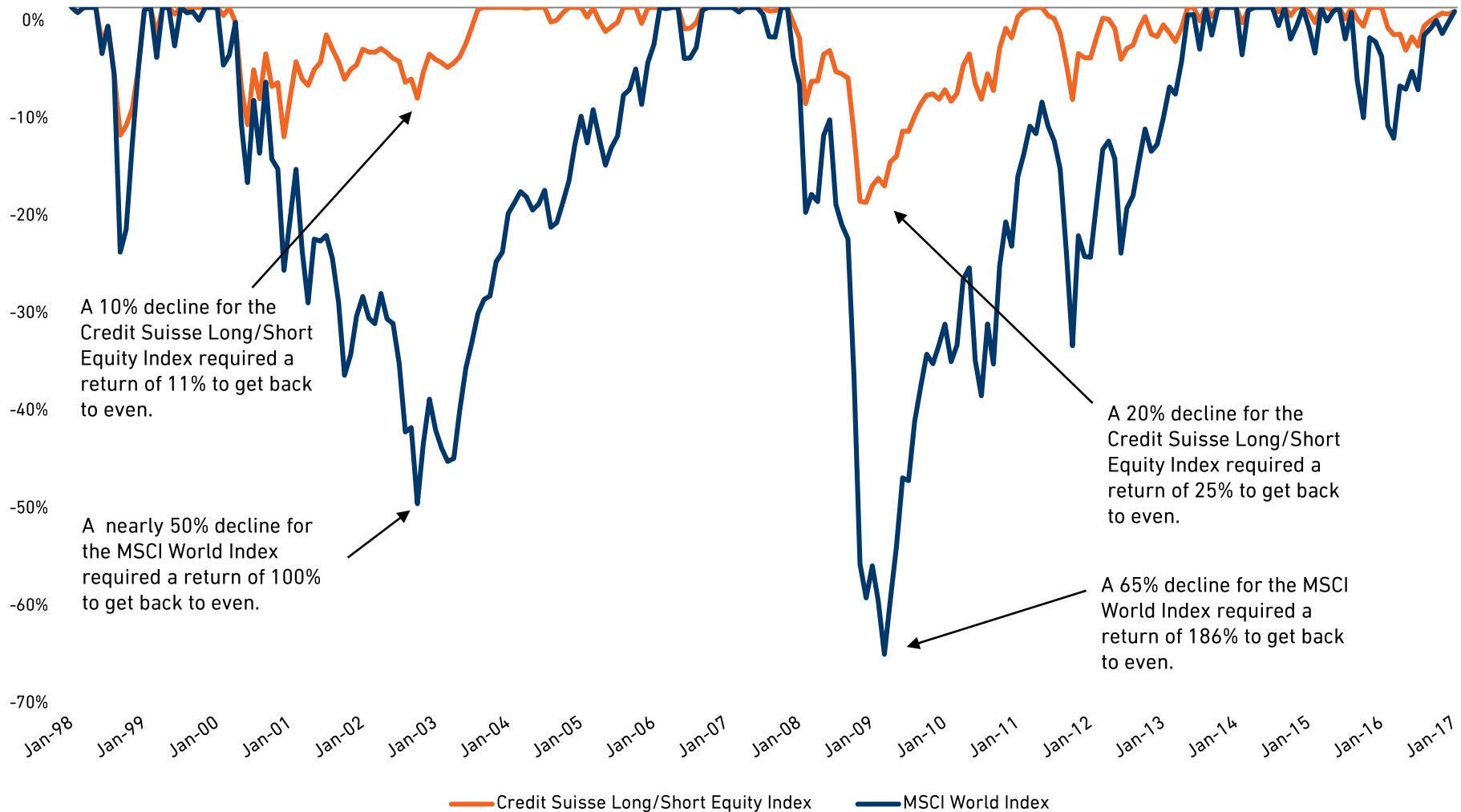


Managing Drawdown Risk with Long/Short Equity

Investors may want to consider strategies that seek to minimize drawdowns in order to leave the investor in a better position to compound returns when stocks recover. Smaller drawdowns also dampen the psychological impact of market losses and keep investors from abandoning stocks at the wrong time.



The **MSCI World Index** is a free float adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index includes reinvestments of dividends, net of foreign withholding taxes. **Credit Suisse Long/Short Equity Index** is a subset of the **Credit Suisse Hedge Fund Index** that measures the aggregate performance of dedicated short bias funds.

A **Drawdown** is the peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

