

# GLOSSARY OF TERMS

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# 1. ALTERNATIVE ASSET INVESTOR TYPES

Asset Manager	Provides investment management and consultancy to a range of investors. The asset manager will invest the pooled funds of its clients in a diverse range of asset classes, minimizing risk while maximizing return.
Bank	A financial institution in which money is kept for commercial or savings purposes or is invested, used for loans or exchanged. It mainly acts as a payment agent for its customers to lend and borrow money, as well as provide a variety of financial services.
Endowment Plan	A fund created in support of the work of a particular non-profit institution, frequently seen for universities.
Foundation	Non-profit organization with some sort of philanthropic purpose in the sense that it either invests in order to accumulate capital to donate funds and support to other organizations, or provides the sole source of funding for its own charitable activities.
Fund of Funds Manager	Specialist fund manager, raising funds from the capital of institutional investors with which investments in other private capital funds are made. It may provide exposure to funds that would otherwise be inaccessible to smaller investors.
Government Agency	A permanent or semi-permanent unit of a government which is responsible for the oversight and administration of specific functions. Its functions are executive in character.
Hybrid Manager	An investment manager that offers a vast range of services often similar to the services provided by advisory firms, investment banks, private capital firms, hedge funds and asset managers. It mostly invests in private capital and hedge funds simultaneously.
Insurance Company	Guarantees compensation for loss or damage in return for a premium. Insurance is therefore a form of risk management.
Investment Bank	An institution that acts as an agent or underwriter for corporations and governments issuing securities. Some also provide broker/dealer operations, as well as offer advisory services to investors. It facilitates mergers and acquisitions, private equity placements and corporate restructuring.
Investment Company	Invests the pooled capital of its shareholders in a variety of asset classes. Investment companies take three forms: open-ended investment companies (mutual funds), closed-end investment companies (closed-end funds) and Unit Investment Trusts (UITs).
Multi-Family Office	A privately owned firm that manages investments and trusts for multiple wealthy families.
Private Capital Firms	Investment managers that raise funds through limited partnerships which make investments in unlisted companies or assets. May also make primary commitments to other private capital funds. Includes private equity, private debt, real estate, infrastructure and natural resources firms.
Private Sector Pension Fund	Pool of fund contributions that invests in a variety of asset classes for the exclusive purpose of financing pension plan benefits. Private sector pension funds are regulated under private sector law.
Public Pension Fund	A fund set up by a government entity to invest the pension contributions of members and employees in securities and a variety of assets, as well as pay out pensions to those people when they reach retirement age.
Secondary Fund of Funds Manager	A manager that raises fund of funds vehicles through which it purchases fund stakes on the secondary market.
Single Family Office	A privately owned firm that manages investments and trusts for a single wealthy family.
Sovereign Wealth Fund	A state-owned investment fund which is composed of financial assets such as stocks, bonds, property, precious metals or other financial instruments. It is usually of major economic and fiscal importance and is sometimes invested for the purposes of investment return.
Superannuation Fund	A pension fund that can be either public or private. It is mostly prevalent in Australasia, although can be found in other places.
Wealth Managers	Wealth managers are firms that provide advisory services, investment management and financial planning services to private investors, generally high-net-worth, ultra-high-net-worth and family office investors. Some entities also provide family office services to clients.

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## 2. PRIVATE CAPITAL INVESTMENT TERMS

### GENERAL TERMS

Bitesize	A range of money that an investor looks to commit to each vehicle in which it invests. In some cases, it is taken as an investor's average commitment to funds it has committed to in the past and can vary with different fund types.
Commitment	The specified sum of capital an LP has agreed to contribute to a private capital fund. The sum of commitments to a private equity fund equals the total size of the fund.
Credit Facility	Short-term loans provided by banks to private capital funds secured against the LP commitments in the fund.
Current Allocation	The total amount invested in a specified asset class as a percentage of an institutional investors total assets or total investment portfolio.
Drawdown	The actual act of transferring capital into the fund's portfolio companies. When the GP has decided where it would like to invest the fund capital, it will approach its LPs in order to draw down some of the capital that has already been committed to the vehicle.
Direct Investment	Company or asset acquired for investment purposes, that is not made through an investment in private funds or similar structures.
Dry Powder	The amount of capital that has been committed to a private capital fund minus the amount that has been called by the GP for investment.
First-Close Investor	An investor that will commit to a fund before it has held a first close. The investor is usually given an incentive by the fund manager to make a commitment before the first close, such as reduced fees.
First-Time Fund	The first vehicle raised by a fund manager. Usually from a firm or fund management team that has not previously raised any funds.
Fundraising Outlook	Announced – fund has been announced, but has not yet entered the fundraising stage. Estimated – an estimate of when a fund will start their next fundraising in a series based on a four year average to invest all raised commitments and once 70% of the fund is invested, they can begin fundraising again.
General Consultant	Provides advice on the overall investment strategy of an institution.
General Partner (GP)	The partner in a limited partnership responsible for all management decisions of the partnership. The GP has a fiduciary responsibility to act for the benefit of the limited partners (LPs) and is fully liable for its actions.
Interim Close	While the fund is in market it may have interim closes. These closes are named in the sequence they occur. The first interim close is termed 'first close', 'second close', 'third close' etc. Once the fund has held a first close, it can begin to make investments.
Investment Consultant	A firm that provides advisory services for a fee. Different consultants can be hired for an individual investor operating on different parts of their investment portfolios and/or strategies. Consultants can be: Discretionary: Makes all investment decisions on behalf of an institution, but within specific guidelines. Non-Discretionary: The investor retains the decision on whether or not to invest in the consultants recommendations.
Leverage	Borrowed money to finance the acquisition of an asset or company.
Leverage Ratio	Any ratio used to measure the ability of a company to meet financial obligations; main factors likely include debt, equity, assets and interest expenses.
Limited Partner (LP)	Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a fund.
Limited Partnership	Consists of the GP that makes the fund investments and the LPs that have committed capital to the fund. The partnership generally has a 10-year life span, although the capital is usually invested after 3-5 years, before the GP exits the underlying companies for a return on behalf of the LPs.
Listed Investment	Instruments that are publicly traded on a stock exchange. This includes asset class specific-instruments like Real Estate Investment Trusts (REITs), as well as shares of other listed companies and listed funds.
Preferred Equity	Senior equity on the capital structure over common or subordinate classes.
Primary Fund	An investment vehicle that invests directly in a company or asset.
Private Capital	Refers to a broad spectrum of private investment funds that invest in unlisted companies and assets. Includes private equity, venture capital, private debt, real estate, infrastructure and natural resources.
Private Funds	A closed- or open-ended pooled fund that is not listed on a stock exchange, that makes equity or debt investments in unlisted companies or assets.

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## 2. PRIVATE CAPITAL INVESTMENT TERMS

### GENERAL TERMS (CONT.)

Route to Market	An investor's preferred method for investing in private capital. Investors may have preferences for investing in unlisted or listed funds, or for investing directly in an asset class.
Single Deal Fund	A dedicated vehicle created for the purpose of making an investment in a single target opportunity. Investors have full transparency on the underlying investment that will be made.
Source of Allocation	The specific segment of their portfolio from which investors allocate to a specific asset class. For example, natural resources investors may have a distinct allocation, or it may be considered part of their other allocation brackets such as private equity, real assets or infrastructure.
Source of Capital	Specifies the range of methods that a fund manager uses to raise capital to make investments. Fund managers can raise capital from listed or unlisted funds, separate accounts or their own balance sheet, or they can raise capital from investors on a deal-by-deal basis.
Spin-off	A fund managed by a team that has left or been demerged from an established firm.
Spin-out	A fund management team that has spun out from a previous private equity firm to create its own organization and are raising a fund under the umbrella of their new firm for the first time.
Target Allocation	Pre-determined proportion of total assets to be invested in a specified asset class. Often a percentage, an institutional investor will seek to reach or maintain this target in the long term.

### PRIVATE DEBT-SPECIFIC

Arranger	One or several commercial or investment banks that structures, arranges and administers a syndicated loan.
Bilateral	Involving a single lender and a single borrower.
Bookrunner	Main underwriter or manager in a new issuance of a debt security.
Bridge Loan	A short-term loan providing immediate cash flow that is used until a company secures permanent financing. Loans are typically short term, relatively high interest and backed by collateral.
Bullet Loan	Loan requiring a balloon payment at the end of the term. This arrangement anticipates a refinancing of the loan to meet payment obligation.
Collateralized Loan Obligation (CLO)	A security backed by a pool of debt, which includes several levels of credit ratings and repayment structures.
Covenant	An indenture in a formal debt agreement for certain activities to be carried or not carried out.
Covenant-Lite (Cov-Lite)	A loan with limited restrictions on the debt-service capabilities of the borrower, including fewer restrictions on collateral and payment terms than traditional covenants.
Debenture	Debt instrument backed exclusively by the creditworthiness and reputation of the issuer, generally issued by governments and corporations.
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization. Usually where cash flow for debt repayment is sourced.
First Lien	Primary rights of a creditor to sell the collateral property of a borrower that fails to meet the obligations of a loan contract.
Fixed Rate	A predetermined rate for either the entirety or part of a loan term.
Floating Rate	A variable interest rate that moves with market factors or an index. Opposite of a fixed rate.
High Yield	Investments in debt securities that are below investment grade. Such bonds typically pay higher yields than investment-grade government or corporate bonds to compensate for the perceived higher risk of default.
Non-Bank Lender	Also referred to as 'shadow bankers,' any entity engaging in loan activity and not classified as a banking institution. Examples are private equity firms, specialty finance companies and hedge funds.

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## 2. PRIVATE CAPITAL: INVESTMENT TERMS

### PRIVATE DEBT-SPECIFIC (CONT.)

Non-Performing Loans (NPLs)	A loan that is in default or is close to being in default.
Non-Sponsored	A direct loan transaction between a lender and borrower without involvement of a private equity sponsor.
Notes	Certificates evidencing the amount owed by the private placement borrower to the investor. Transferrable on completion of a certificate sent to the borrower.
Payment in Kind (PiK)	Arrangement that pays interest or dividends to investors of bonds, notes or preferred stock with additional debt or equity instead of cash.
Primary Loan	Loan made directly to a borrower/company.
Private Debt	Non-listed debt issues. May take the form of bonds, notes or loans. Includes all non-bank lending.
Refinance	Revising or replacing an older loan with new debt offering more favourable terms for the borrower.
Revolving Credit	A line of credit allowing the borrower to use funds when they are needed, depending on cash flow needs.
Royalty-Backed Lending	An alternative loan to be repaid using a percentage of the borrowing business's revenue, traditionally found in industries such as mining, film production and drug development.
Second Lien	Debts that are subordinate to the rights of other, more senior debts issued against the same collateral.
Secondary Loan	A loan sold on a secondary market.
Secured Loan	A loan backed by the borrower's assets, typically real estate, equipment or cash flows.
Senior Stretch	A type of loan to a business that includes characteristics of both asset-based and cash-flow loans. Senior stretch loans are cheaper than cash-flow loans as the borrowing company has a healthy balance sheet.
Special Purpose Vehicle (SPV)	A company that has activities limited to buying and financing certain assets by issuing bonds to investors.
Sponsored	A deal involving a third-party purchase of a company, typically a private equity firm.
Syndicated	A loan offered by a group of lenders that work together to provide funds to a single borrower.
Term Loan	Bank loan for a specific amount that has a pre-determined repayment schedule as well as a floating interest rate.
Term Loan B	A subprime loan to a borrower with credit graded 'B' according to credit history.
Term Loan C	A subprime loan to a borrower with credit graded 'C' according to credit history.
Unsecured	A loan not backed by collateral or assets.

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## 2. PRIVATE CAPITAL INVESTMENT TERMS

### INFRASTRUCTURE-SPECIFIC

Economic Infrastructure	The combination of basic facilities which are helpful in economic development of a nation, region or city. Includes energy, logistics, telecommunications, transportation, utilities, and waste management.
Infrastructure Bond	A debt investment in which an investor loans capital to an infrastructure project or company for a defined period of time at a fixed interest rate. Bonds are traditionally issued by companies, municipalities and both local and central governments.
Organisation for Economic Co-operation and Development (OECD)	The OECD is an intergovernmental economic organization founded in 1961 committed to democracy and the market economy. The organization aims to support sustainable economic growth, boost employment, raise living standards, maintain financial stability, assist other countries' economic development and contribute to growth in world trade. As of January 2019 there are 36 member countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, the UK and the US. Countries whose membership is under consideration is Argentina, Brazil, Bulgaria, Croatia, Peru and Romania.
Private Finance Initiative (PFI)	A form of PPP developed by the Australian and UK Governments.
Public-Private Partnerships (PPP/P3)	Contractual agreements between public bodies, local authorities or central government, and private companies to deliver a public, social or economic infrastructure project.
Real Assets	Generally applied to those assets that are tangible in nature, and often expected to provide valuation protection during inflationary periods. The definition of 'Real Assets' varies across the industry but can include real estate, infrastructure, and natural resources. Also known as Hard Assets.

### NATURAL RESOURCES-SPECIFIC

Social Infrastructure	Assets that accommodate social services. Includes educational facilities, defence-related assets, government buildings, healthcare/medical facilities and judicial buildings.
Commodity Preference	The underlying natural resource which the fund seeks to cultivate or extract. For example, an energy fund may focus on investments in oil, natural gas, uranium, coal or renewable energy.
Master Limited Partnership (MLP)	A type of limited partnership that is publicly traded on an exchange. MLPs combine the tax pass-through benefits of a limited partnership with the liquidity of a publicly traded vehicle. In order to qualify as an MLP the partnership must earn at least 90% of its income from qualified sources such as natural resources, commodities or real estate. Qualifying natural resources include: oil, gas, coal and timber.
Primary – Debt	A fund's preference for direct investment in the debt securities of portfolio companies, as opposed to equity securities or investments through other natural resources funds.
Primary – Equity	A fund's preference for direct investment in the equity securities of portfolio companies, as opposed to debt securities or investments through other natural resources funds.
Process/Stage Preference	The stage of the extraction/cultivation process on which the fund focuses. For example, an energy fund may specialize in upstream, midstream or downstream energy investments and a mining fund may focus on investments in companies that directly extract minerals or those that refine them.
Project/Asset-Stage Preference	The stage of a natural resources project at which the natural resources fund seeks to invest. For example, funds may focus on investments in projects that are already established or come in at an earlier stage such as the initial construction or development stage.
Strategy Allocation	The proportion of a fund's capital dedicated to primary investments in equity and debt, fund of funds investments or secondary investments.

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# 3. PRIVATE CAPITAL FUND STRUCTURES

## FUND STRUCTURES

Closed-End Fund	A fund with a fixed life span that typically does not allow redemptions or the entry of additional investors after the initial formation of the fund. Closed-end funds typically acquire a portfolio of companies/assets during an initial investment period and do not invest the sales proceeds.
Co-Investment	Direct investment made by a limited partner in a company/asset backed by a fund. The limited partner therefore acquires two separate stakes in the company/asset: one indirectly through the fund and one directly in the company/asset.
Fund of Funds	Invests its capital in a number of limited partnerships.
Joint Venture	An arrangement where two or more parties agree to pool their resources for investment in a specific asset or company.
Listed Fund	A fund that is publicly traded on a stock exchange and invests in assets or companies. This includes master limited partnerships (MLPs).
Open-Ended Fund	A fund with no finite life that allows the continuous entry and exit of investors and typically engages in ongoing investment purchase and sale activities.
Separate Account	Customized investment accounts held with a fund manager that are financed by one institutional investor. The fund manager makes multiple investments from the account to meet the strategic and other portfolio management needs of the institutional investor.
Unlisted Fund	A fund that is not listed on a stock market.

## LEGAL STRUCTURES

AB	Aktiebolag. A Swedish stock company. Privately-held ABs must have capital of at least SEK 100,000 upon incorporation.
ASA	Allmennaksjeselskap. The Norwegian term for a public limited company.
BV	Besloten Vennootschap. The Dutch term for a private limited liability company.
CV	Commanditaire Vennootschap. A Dutch limited partnership.
FCP	Fonds Commun de Placement. A co-proprietorship whose joint owners are only liable up to the amount they have contributed and whose rights are represented by units. An FCP does not have legal personality and requires a Luxembourg-based management company.
FIL	Fondo de Inversión Libre. A Spanish investment fund.
GK	Godo Kaisha. A Japanese structure; similar to a limited liability company.
GmbH	Gesellschaft mit beschränkter Haftung. Translates as Company with Limited Liability. The structure exists in Germany, Austria and Switzerland. In Germany the company is incorporated, but not publicly traded and must have at least two partners. In Austria there must be at least two founding shareholders.
Immobilienfond	A German open-ended fund. Generally established for retail investors, there are various limitations imposed on the nature and geographic location of investments.
Incorporated (Inc.)	A legal entity where the ownership has been arranged into shares. A shareholder has no responsibilities to the company and the potential losses of the shareholder are limited to the value of the stock turning to zero in the case of a bankruptcy.
KY	Kommandiittiyhtiö. A Finnish limited partnership.
Limited Partnership	A form of partnership consisting of both GPs and LPs. GPs have authority as agents of the firm to bind all the other partners in contracts.
LLC	Limited Liability Company. A US structure in which shareholders have limited liability for the actions of the company/fund.
NV	Naamloze Vennootschap. A Dutch public open stock company.
PLC	Public Limited Company. PLCs are limited companies in the UK and Ireland that are allowed to sell their shares to the public.
Private REIT	Private Real Estate Investment Trust. A REIT that is not registered with the Securities and Exchange Commission (SEC) or traded on a national exchange.
Property Unit Trust	A collective investment scheme in property which invests in a portfolio of investment-grade properties that is held for its rental income and capital appreciation.
Public REIT	A Real Estate Investment Trust that files with the Securities and Exchange Commission (SEC) and whose shares trade on national stock exchanges.
SARL	Société à responsabilité limitée. A company whose liability is limited to the contributions of its members.

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# 3. PRIVATE CAPITAL FUND STRUCTURES

## LEGAL STRUCTURES (CONT.)

SCA	Societe en Commandite Par Actions. A hybrid partnership with joint stock company and civil aspects, formed by two classes of shareholders, (i) the <u>GP</u> (s) with unlimited, joint and several liabilities and (ii) the limited shareholders with limited liability.
SICAF	Société d'Investissement à Capital Fixe. An investment company with fixed capital. It is subject to formalities when changes are made to its capital.
SICAR	Société d'investissement en capital à risque. A Luxembourg structure designed to facilitate the raising of funds and to allow investment in risk-bearing capital.
SICAV	Société d'Investissement à Capital Variable. An investment company whose capital is always equal to its net assets.
SIF	Société de Participations Financières. A Luxembourg branded investment vehicle for sophisticated investors. Can be structured as a common fund (FCP) or investment company (SICAV or SICAF).
Specialfonds	German Special Funds or Spezial-Sondervermögen. These are funds managed by Germany-based investment management companies for institutional investors.
Unlisted REIT	A publicly registered, non-traded Real Estate Investment Trust. It files with the Securities and Exchange Commission (SEC), but is not traded on a national exchange.
YK	Yugen Kaisha. A Japanese vehicle often held by a Cayman SPV.

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# 4. PRIVATE CAPITAL FUND STRATEGIES

## PRIVATE EQUITY & VENTURE CAPITAL

Balanced	Invests in companies at all stages of development, from early stage to buyout.
Buyout	Invests in established companies, often with the intention of improving operations and/or financials. Investment often involves the use of leverage.
Early Stage	Type of venture capital fund that invests only in the early stage of a company's life. Can be either Seed or Start-up.
Early Stage: Seed	Allows a business concept to be developed – perhaps involving the production of a business plan, prototypes and additional research – prior to bringing a product to market and commencing large-scale manufacturing.
Early Stage: Start-Up	Supports a non-commercial company's product development and marketing.
Expansion/Late Stage	Invests in companies towards the end of the venture stage cycle. Provides capital injections for expansion into a position of stable profit streams. Typical with venture capital deals, expansion/late-stage funds take short- to mid-term, minority positions.
Growth	Typically takes significant minority positions in companies without the use of leverage. Targets profitable, but still maturing, investee companies with significant scope for growth. Investment horizons are mid-to-long term, similar to those seen with buyout funds.
Private Investment in Public Equity (PIPE)	Focuses on investments made by a private equity or venture capital firm in a public company, which remains public post-investment.
Secondaries	Acquires stakes in private equity funds from existing LPs.
Turnaround	Aims to revitalize companies with poor performance or those that are experiencing trading difficulties.
Venture Capital (General)	Provides capital to new or growing businesses with perceived long-term growth potential.

## PRIVATE DEBT

Blended/Opportunistic Debt	A strategy that seeks attractive risk-adjusted returns throughout the fixed income universe by using a diverse set of investments.
Direct Lending	The practice of non-bank lenders extending loans to small and medium-sized businesses in return for debt securities rather than equity.
Distressed Debt	Debt of companies that have filed for bankruptcy or have a significant chance of filing for bankruptcy in the near future.
Junior/Subordinated Debt	Subordinated debt is a loan or security that ranks lower than other loans with regard to claims on assets or earnings. Subordinated debt is not repaid until after unsubordinated (senior) debt holders have been repaid in full and is consequently a riskier form of debt loan. Also known as a junior security or subordinated loan.
Mezzanine	Investments in debt subordinate to the primary debt issuance and senior to equity positions.
Mid-Market Lending	A form of direct lending typically to smaller and more leveraged companies than traditional direct lending.
Senior Debt	Highest on the capital structure, a loan to be repaid first if borrowing business failed.
Senior Subordinated Debt	Debt that is subordinated in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt. Such loans are sometimes secured by significant collateral; the firm will principally rely on the borrower's cash flow for repayment. Additionally, the manager often receives warrants to acquire shares of stock in connection with these loans.
Special Situations	Classification covering several areas including distressed and mezzanine, where loan decision or grade is defined by something other than underlying company fundamentals.
Subordinated Junior Secured Term Loan	Subordinated debt has a lower priority than senior debt holders in a company's capital structure but is secured against some assets or collateral of the company.
Unitranche Debt	A type of debt combining senior and subordinated debt into one instrument. This instrument was created to simplify debt structure.
Unsubordinated Debt	Also known as a senior security/loan. Unsubordinated debt is ranked higher than other loans with regard to claims on assets or earnings. Unsubordinated debt is repaid in full before subordinated debt holders and is consequently a less risky form of debt loan.
Venture Debt	Debt provided to venture capital-backed companies by a specialized financier to fund working capital or expenses. Venture debt providers combine their loans with warrants or rights to purchase equity to compensate for risk.

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# 4. PRIVATE CAPITAL FUND STRATEGIES

## REAL ESTATE

Core	Investment in low-risk real estate that provides relatively low returns. Investments are typically located in primary markets and in the main property types (office, retail, industrial and residential). Properties are stable, well maintained, well leased and often of the class A variety. Investments require little or no leverage (0-30%) or additional capital investment
Core-Plus	Investment in moderate-risk real estate that provides moderate returns. Investments are predominantly core but with an emphasis on a modest value-add approach. Focus is on the main property types, in both primary and secondary markets, in buildings of class A or lower quality that require some form of enhancement (i.e. repositioning and/or re-leasing). Investments typically utilize 30-55% leverage and some additional capital investment.
Debt	The origination or acquisition of loans secured by real estate. May include mezzanine debt, preferred equity or senior loans. See 'Real Estate Debt'.
Distressed	Investments in distressed assets. Investments can be made in a variety of ways, including providing debt or equity to owners with liquidity problems, or to those that are seeking to recapitalize properties.
Opportunistic	Investment in high-risk real estate that provides high returns. Investments are typically in lower-quality buildings in primary, secondary or emerging markets across all property types, including niche sectors. Buildings often require significant enhancement to upgrade them to class A buildings (i.e. development and/or extensive redevelopment/repositioning/releasing). Investments typically utilize leverage of 60% or more, and significant capital investment, and will target an IRR in the high teens and upwards.
Value Added	Investment in moderate-to-high-risk real estate that provides moderate-to-high returns. Investments are typically in lower-quality buildings, in both primary and secondary markets in the main property types. Buildings often require enhancement to upgrade them to class A buildings (i.e. redevelopment/repositioning/releasing). Investments require 50-70% leverage, and additional capital investment, and will acquire an expected internal rate of return (IRR) in the low double digits to the mid-teens.

## REAL ESTATE DEBT

B-Note	Financing that is secured by a shared first lien with cash flow subordinated via an inter-creditor agreement.
Bridge Loan	Interim financing for an individual or business until permanent or the next stage of financing can be obtained. Bridge loans are often used for commercial real estate purchases to quickly close on a property, retrieve real estate from foreclosure, or take advantage of a short-term opportunity in order to secure long-term financing.
Commercial Mortgage-Backed Security (CMBS)	A security backed by mortgages on commercial real estate.
Commercial Real Estate Collateralized Debt Obligation (CRE CDO)	A CDO backed primarily by commercial real estate assets. A CDO is a type of asset-backed security and structured credit product.
First Mortgage	A mortgage that has priority over all other mortgages.
Non-Performing Loan	A loan that is in default or close to being in default.
Preferred Equity	Financing that is senior to sponsor equity. Can resemble a mezzanine loan.
Residential Mortgage-Backed Securities (RMBS)	A security backed by mortgages on residential real estate.
Senior Loan	A form of debt that takes priority over other debt securities sold by the issuer.
Sub-Performing Loan	A loan that is making payments but not the full principal and interest payments that the mortgage note demands.
Whole Loan	A mortgage loan where the owner of the debt also owns the servicing rights.

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# 4. PRIVATE CAPITAL FUND STRATEGIES

## INFRASTRUCTURE

Brownfield	Involves an existing asset or structure that requires improvements, repairs or expansion. The infrastructure asset or structure is usually partially operational and may already be generating income.
Core	Asset with no operational risk and already generating returns. Considered secondary stage in developed countries.
Core-Plus	Undeveloped market but little-to-no construction risk. Considered secondary stage or brownfield if in developed market.
Debt/Mezzanine	The organization of acquisition of loans secured by infrastructure assets. May include mezzanine debt, preferred equity or senior loans.
Greenfield	Involves an asset or structure that does not currently exist and needs to be designed and constructed. Investors fund the building of the infrastructure asset as well as the maintenance after it is designed, built and operational.
Opportunistic	Emerging market investment with construction risk. Considered greenfield or brownfield.
Secondary Stage	Involves a fully operational asset or structure that requires no investment for development.
Value Added	Moderate-to-high risk asset requiring enhancements. Considered greenfield or brownfield.

## NATURAL RESOURCES

AgTech	Economic sector focused on the use of technology to improve current agricultural practices, either to increase productivity or reduce environmental and social costs.
Annual/Row	A crop that can be planted in rows wide enough to allow it to be tilled or otherwise cultivated by agricultural machinery. Row crops are most commonly annuals, crops that complete their lifecycle in one year and must be replanted, or short-lived perennials grown as annuals. Includes wheat, corn, maize and barley.
Aquaculture	The production of fish, shellfish, crustaceans, seaweeds or algae in a managed environment, often enhancing production beyond that which would normally be achieved naturally.
Base Metals	Metals that oxidize, tarnish or corrode when exposed to air or moisture. They are more abundant in nature and therefore cheaper than precious metals. Examples include aluminium, copper, lead, nickel, tin and zinc.
Biomass	Biological matter used as a renewable energy source, including purpose-grown energy crops and the biodegradable proportion of industrial, municipal, agricultural and forestry residues.
Construction Minerals	Minerals used by the construction sector. Typical construction minerals are aggregates (sand, gravel and crushed natural stone), various brick clays, gypsum and natural stone.
Downstream	The final stage in energy industry operations. Includes all activities relating to the refinement and distribution of energy and any by-products. For example, refining crude oil and distributing the by-products (e.g. gasoline, natural gas liquids and diesel) down to the retail level. End customers for this distribution can include residential, industrial and agricultural entities.
Exploration	The process of searching for new mineral deposits that can be commercially mined.
Ferrous Metals	Metals containing iron, such as iron ore and steel.
Geothermal	An energy production method that uses hot water and steam from underground reservoirs to power turbine generators.
Hardwood	Wood from angiosperms (flowering plants), mainly deciduous trees and broad-leaf evergreen trees. Hardwoods all have enclosed nuts or seeds. Examples include cherry, mahogany, maple and oak.
Hydroelectric	Electricity produced by the use of flowing water to power a turbine.
Industrial Minerals	Non-metallic, non-fuel minerals used in a range of industrial applications including the manufacture of chemicals, glass, fertilisers and fillers in pharmaceuticals, plastics and paper. Examples of industrial minerals include salt, clays, limestone, silica sand, phosphate rock, talc and mica.
Land Owner	Investment strategy based on owning agricultural land and leasing/renting this out to others. See Operator and Owner-Operator.
Livestock	Domestic or domesticated animals raised for food or in the production of food. For example, beef and dairy cattle, poultry, sheep and swine.
Midstream	Refers to the collection, processing, storage and transportation of energy. It is the middle stage of energy industry operations between the initial extraction/production of upstream energy and the final distribution of downstream energy.
Natural Forests	Naturally occurring large area of land covered with trees or other woody vegetation which is harvested for timber production.
Non-Metallic Minerals	All commercially mined minerals that are not metals or fuel. Divided into construction minerals, industrial minerals and precious stones.

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# 4. PRIVATE CAPITAL FUND STRATEGIES

## NATURAL RESOURCES (CONT.)

Non-Metallic Minerals	All commercially mined minerals that are not metals or fuel. Divided into construction minerals, industrial minerals and precious stones.
Non-Renewables	Energy from a source that cannot be readily replaced by natural means on a level equal to its consumption, such as oil and natural gas.
Oil Field Services	Companies that assist oil & gas producers with their production activities. These companies manufacture, repair and maintain equipment used in oil & gas extraction and transport and provide additional services to the energy industry.
Operator	Investment strategy that involves both owning farmland and carrying out agricultural activity on that land. See Land Owner and Operator.
Owner-Operator	Type of venture capital fund that invests only in the early stage of a company's life. Can be either Seed or Start-up.
Perennial/Permanent	A crop produced from plants that lasts many seasons and can be harvested multiple times without needing to be replanted. Includes grapes, nuts and citrus fruits, among other crops.
Platinum Group Metals (PMG)	The platinum group metals are platinum, palladium, ruthenium, rhodium, osmium and iridium. Their production is very limited and they are used for a number of different industrial applications.
Precious Metals	Precious metals are metals that are rare and/or considered to have high economic value such as gold, silver and the platinum group metals. Among other reasons, they are considered valuable because of their rarity, their use in industrial applications or as jewellery, and their possible use as a store of value.
Refining	The processing of mined products to reduce them to a pure state. For example, the processing of iron ore to extract iron.
Renewables	Energy from a source that can be naturally replenished at a rate equal to that at which it is consumed, such as wind and solar power.
Royalty-Backed Lending	A form of financing in which a fund provides capital in return for a share in the revenue generated by the extraction of a particular resource.
Softwood	Wood from gymnosperm (seed-producing) trees – conifers, cone-bearing seed plants. Examples include cedar, fir and pine.
Tree Farms	Trees planted and grown specifically for timber production – includes trees grown in plantations and nurseries.
Upstream	Upstream operations involve the exploration, recovery, development and production of energy resources. Upstream firms will take the first steps to locate and search for new energy resources and, at a later stage, extract them.
Water Industrials	Companies that provide products or services used by water utility companies. For example, pump, pipe and valve manufacturers, filtration and treatment companies and desalination plants.
Water Utilities	Companies that provide water and/or wastewater services consumed by the public or other businesses.

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# 5. PRIVATE CAPITAL PERFORMANCE TERMS

**For full details of Preqin's methodology surrounding private capital performance, see our [Performance Data Guide](#).**

Average Net IRR %	Average IRR is simply the mathematical mean. Average IRRs must be analyzed with care because the mean value may be strongly affected by outlier IRR values.
Called Up %	The proportion of the LP's aggregate commitments to the partnership that have been contributed to the partnership. These figures are as reported by the LP, so that in cases where the GP and LP have treated part of a distribution as a refund of contributions (and potentially liable to being recalled at a later date) the called up % will be amended accordingly.
Distributed (DPI – Distributions to Paid-in) %	The proportion of the called-up capital that has been distributed or returned back to LPs. This will include cash and stock distributions, with the latter valued as at the date of distribution and treated in the same way as a cash distribution. Distributed % is one measure of the cash performance of the partnership that is not subject to judgemental factors (as for value and IRR).
Net Multiple	The ratio between the total value that the LP has derived from its interest in the partnership – i.e. distributed cash and securities plus the value of the LP's remaining interest in the partnership – and its total cash investment in the partnership, expressed as a multiple. It is important to note that this measure does not reflect the time value of money, and therefore will not show whether one partnership has returned value to LPs more quickly or more slowly than another. However, it is one measure of 'profit' or 'loss' for the LP.
Net IRR %	The net IRR earned by an LP to date after fees and carry. The internal rate of return (IRR) is based upon the realized cash flows and the valuation of the remaining interest in the partnership. IRR is an estimated figure, given that it relies upon not only cash flows but also the valuation of unrealized assets. The IRR estimates shown are both those as reported by the LP and/or GP and those that Preqin has calculated internally, based upon cash flows and valuations, provided for individual partnerships.
Pooled Net IRR %	This is calculated by combining multiple funds' cash flows and calculating an IRR using all funds' contributions, distributions and remaining values as if they were from a single fund. Pooled IRRs take into account the timing of each cash flow and the size of each fund. Larger funds will have more influence than the smaller funds and the timing of the distributions will affect performance.
Quartile Ranking	This shows which quartile of the relevant peer group the fund falls into. When calculating the quartile ranking, equal weight is placed on IRR and multiple. Top-quartile funds are funds with an IRR or multiple equal to or above the upper quartile benchmark; second-quartile funds are funds with an IRR or multiple equal to or above the median-quartile figures but below the upper-quartile figures, etc.
Remaining Value (RVPI – Residual Value to Paid-in) %	The value of the LP's remaining interest in the partnership, as derived from the GP's valuation of the unrealized portfolio and its allocation of this to the LP. Valuation of unrealized investments expressed as a percentage of called capital.
Total Value to Paid-in (TVPI) %	Sum of distribution to paid-in and residual value to paid-in, i.e. distributed cash and securities plus the value of the LP's remaining interest in the partnership.
Vintage	Defined as the first year of investment/drawdown from the investor.
Weighted Net IRR %	An aggregate IRR calculated by weighting each fund IRR with its fund size, effectively meaning that large funds have more impact on the weighted IRR than small funds.

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## 6. DEAL TERMS

### GENERAL TERMS

Abandoned	The transaction has been terminated before completion.
Advisor - Buyer	A firm that has provided investment advice, analysis, due diligence or legal advice for a fee on behalf of the buyer.
Advisor - Seller	A firm that has provided investment advice, analysis, due diligence or legal advice for a fee on behalf of the seller.
Announced	The deal has been agreed and announced, and is subject to regulatory filings and customary closing conditions before completion.
Announced Date	The date the deal was first announced by the portfolio company or investor.
Bid	The buyers have submitted a bid for a target, and are awaiting a response.
Bid – Failed	The transaction has been terminated before completion or the offer was rejected by the seller.
Brokerage	An intermediary that advises on behalf of the sellers and/or buyers in a transaction.
Completion Date	The date the transaction was finalized and completed.
Deal Date	The date the transaction was fully finalized and completed, or alternatively, the date the transaction was agreed and announced where it is subject to regulatory filings and customary closing conditions before completion.
Debt Provider	A bank or firm that has provided financing commitments and leverage for the transaction.
Financial Advisor	A firm that has provided investment advice, analysis or due diligence to the parties involved in the transaction.
Legal Advisor	A firm that has provided legal advice to parties involved in the transaction
Market Share Price	The actual share price on the stock exchange at the time of the offer from the buyers.
Offer per Share	The share price at which the buyers have acquired the company. This is relevant for public-to-private and PIPE investments. This will generally represent a premium to the market share price.
P/E Ratio (Price-Earnings Ratio)	A valuation ratio of a company's current share price compared to its per-share earnings.
Rejected	A bid from a fund manager for a company has been rejected by the company management/shareholders
Restructuring	A transaction where significant modification is made to the debt, operations or structure of a company/asset.
Total Assumed Debt	The asset's pre-existing debt obligations taken on by the investor(s).
Total Deal Size	The size of the transaction, including leverage.
Total Equity Invested	The aggregate amount of equity involved in the transaction.
Total Stake	The aggregate total equity stake acquired by the investor(s) in the transaction.
Total Transactional Debt	The aggregate amount of leverage involved in the transaction.

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## 6. DEAL TERMS

### BUYOUT AND VENTURE CAPITAL DEALS

Add-on	A private equity- or venture capital-backed portfolio company acquires a smaller company, or the assets of another company. This is typically to consolidate market position, or acquire proprietary technologies from competitors, and often involves acquiring smaller rivals.
Angel	An initial stage of funding provided by angel investors, typically friends, relatives or individual entrepreneurs.
Buyout	A leveraged acquisition where the private equity firm will typically acquire the whole, majority of, or a controlling stake in a private company.
Expansion Capital	A later-stage venture capital round in companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition without a change of control of the business.
Grant	An award of financial assistance, typically by a government, to an eligible grantee with no expectation that the funds will be paid back.
Growth Capital	An equity investment in a private company, where a private equity firm typically acquires a non-controlling or minority stake with a view to provide capital to increase the expansion plans of the company.
Merger	Where a private equity or venture capital-backed company merges with another company to form a new entity.
PIPE (Private Investment in Public Equity)	An investment made by a private equity or venture capital firm in a public company, which remains public post-investment.
Pre-IPO	An investment in a company that is set to complete its IPO in the near future, often at a discounted price relative to expected IPO pricing amount.
Public-to-Private	Where a company is bought from the stock exchange and de-listed by the private equity firm.
Recapitalization	An investment that typically includes the restructuring of debt and equity, with a view to stabilizing the company's capital structure.
Secondary Stock Purchase	Where part or all of an investor's stake in a venture capital-backed company is acquired directly from a shareholder/investor, rather than purchasing stock from the company.
Seed	The first stage of venture capital financing by a professional venture capital firm, typically a small investment in a very early-stage company that has usually not yet established commercial operations.
Series A	Series A preferred stock leads on from the Angel/Seed Stages, and is the first significant round of venture capital funding offered by a portfolio company to the venture capitalist. Series A preferred stock is convertible into common stock in certain cases such as an IPO or the sale of the company.
Series B, Series C etc.	A mid-stage second round of financing provided by venture capitalists. Successive rounds are then termed Series C, Series D and so forth, each offering preferred stock typically once a company has accomplished certain milestones in developing its business.
Unspecified Round	A venture capital financing round where the stage/series has not been disclosed.
Venture Debt	A type of debt financing provided to venture capital-backed companies by a specialized financier to fund working capital or capital expenses. Venture debt providers combine their loans with warrants or rights to purchase equity, to compensate for the higher risk of lending.

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## 6. DEAL TERMS

### BUYOUT & VENTURE CAPITAL EXITS

IPO (Initial Public Offering)	A company is listed on the stock exchange. Also known as a flotation.
Merger	A private equity firm sells a stake in one of its portfolio company to another company as part of a merger of operations. .
Private Placement	A private equity firm sells some/all of its shares in a publically listed portfolio company.
Recapitalization	A portfolio company issues debt in order to pay a dividend to a private equity firm (dividend recap) or a portfolio company is sold as part of a recapitalization.
Restructuring	A company restructures its debt, often leading to the investors ceding control of the company to the debt providers. Equivalent to Chapter 11 in US bankruptcy law.
Sale to GP	A private equity-backed company is sold to another private equity/venture capital firm.
Sale to Management	The management team of the portfolio company buy it from the private equity firm.
Trade Sale	The portfolio company is sold to another company.
Write-off	The portfolio company discontinues operations and goes into liquidation, with the result that the private equity firm no longer has a stake in an operating entity. Equivalent to Chapter 7 in US bankruptcy law.

### PRIVATE DEBT DEALS

Call Protection	A protective provision prohibiting the issuer of the loan from calling back the loan for a period early in its life.
Cash Sweep	A stipulation that any free cash flow must be used to pay down the debt of the company.
Convertible Debt	Converts into equity if the company's effective sale price per share is over the conversion price that was set by the loan issuer.
Convertible Preferred Stock	Preferred stock that includes an option for the holder to convert the preferred shares into a fixed number of common shares
Interest Rate Floor	An interest rate floor is a derivative contract in which the buyer receives payments at the end of each period in which the interest rate is below the agreed strike price.
LTV (Loan to Value)	The loan amount a fund will lend to a company as a percentage of the value of the company.
Origination/Underwriting Fees	A fee charged by a lender on entering into a loan agreement to cover the cost of processing the loan. Therefore, this fee takes into account the administration that goes into setting up the structure of the loan.

### REAL ESTATE DEALS

Initial Capitalization Rate (Cap Rate)	The rate of return on a real estate property based on the income that the property is expected to generate. Cap rate = Net operating income / Current market value (sale price) of the asset.
Single Asset Deal	A transaction involving the sale of a single building. Transactions involving business parks consisting of multiple buildings in one location are also considered single-asset transactions.
Portfolio Deal	A single transaction that involves the sale of multiple buildings.
Entity-Level Deal	A single transaction that involves the investment in or acquisition of an entity (e.g. a company or a REIT) to gain access to its real estate holdings, rather than acquiring the physical assets separately.

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# 7. SECONDARY MARKET

## GENERAL TERMS

Contribution	The total call-up obligations the LP has met since the fund's inception.
Delinquency	Non-payment of a <u>drawdown</u> when due.
Direct Secondary	The sale of an interest in a direct private equity investment or a portfolio of direct private equity investments to a new third-party investor. The buyer either manages the investment/portfolio or appoints a manager, typically a direct secondaries manager, to do so.
Early Secondaries	Secondary market transactions involving the transfer of LP interests in funds that are less well funded. Early secondaries are also referred to as 'secondary-lite' transactions.
Earn-out Clause	See <u>fund terms &amp; conditions</u> .
Net Asset Value (NAV)	The total value of a fund's portfolio less liabilities. The NAV of LP interest is valued on the LPs contribution to its commitment.
Partial Sale	Secondary market transaction where the seller retains a proportion of its original interest in a fund.
Secondaries Fund	A private capital fund raised by secondary fund of funds managers, which acquires LP interests in private capital funds from the original investors.
Secondary Co-Investment	The direct investment of a secondary market buyer alongside the GP of the fund in which it has acquired an LP interest.
Secondary Fund of Funds Manager	An investment specialist whose main business is the management of secondaries funds, which acquire LP interests in private capital funds.
Secondary Market Intermediary	A third-party that facilitates a deal between buyers and sellers of fund interests. In order to accurately assess the value of an offering, the intermediary undertakes extensive due diligence of the underlying assets held by the funds in which interests are to be sold. The intermediary sources potential buyers of the offering and tailors the structure of the transaction to the needs of both parties.
Stapled Secondary	A secondary transaction where the buyer of the LP interest agrees to commit fresh, primary capital to a new fund being raised by the GP of the fund in which the interest was purchased.
Structured Sale	Enables distressed LPs to finance their drawdown obligations, while retaining ties with their fund managers. The LP contributes its fund interests to a <u>joint venture</u> , co-owned by a counter-party, which contributes cash to the joint venture and finances 100% of future capital calls. The LP and the counter-party each receive 50% of the future distributions generated by the joint venture, providing the counter-party first receives an agreed-upon return on their contribution.
Synthetic Secondaries	Investment by third-party investors in a new limited partnership formed specifically for the acquisition of an entire portfolio of direct investments from a parent company or private capital firm. The existing management team can be retained or new management can be brought in to manage the portfolio.
Tail-End Secondaries	When an LP purchases a stake in a vehicle that is approaching, or has exceeded, its anticipated lifespan.
Treasury Regulation 1.7704	Tax rule that limits the annual transfer limit for US limited partnerships to 2%. Exceeding this limit can result in the fund losing its private status, which would subject it to higher taxation. The threshold can be raised to 10% provided a qualified matching service is employed to transact the transfer.
Unfunded Commitments	Total <u>commitment</u> less contributions to date. The unfunded commitment is the remaining capital the LP is obliged to pay to the GP of the fund for future investments.
Vendor	A term for the seller of fund interests.

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# 8. HEDGE FUNDS

## STRUCTURES

Commingled Fund	An investment structure that pools investments from multiple external investors into one account managed or advised by the fund manager. Investors share in the assets of the fund.
Domestic Feeder	An onshore-domiciled feeder fund designed for US taxable investors. These investors take advantage of investing in a US limited partnership feeder fund which is tax effective for such US taxable investors.
Fonds Commun de Placement (FCP)	A contractual undertaking for collective investment, based on the legal investment structures in Luxembourg.
Listed Fund	A fund that is listed on a smaller market exchange - such as the Irish Stock Exchange - usually in order to provide a degree of regulatory oversight demanded by investors. This type of fund is identified with an ISIN number.
Managed Account	A vehicle sub-advised by a hedge fund manager whose role is limited to the right to make investment decisions on behalf of an investor. Investors own actual assets as opposed to limited partnership interests in a pool of assets. They also have full transparency of the assets being managed and may tailor the portfolio according to their specific needs. They may also nominate their own service providers as a way of lowering counter-party risk. Due to the operational and logistical difficulties of this arrangement for the manager, a sizeable capital commitment is required from investors in order to open a managed account.
Master Feeder	Structure that is commonly used to accumulate funds raised from each of US taxable, US tax-exempt and non-US investors into one central master fund. This is in order to enhance the critical mass of tradable assets, improve the economies of scale under which the fund operates and enhance operational efficiencies, thereby reducing costs such as tax. The structure generally involves the use of a master fund company (incorporated in a tax-neutral offshore jurisdiction e.g. Cayman Islands or Bermuda) into which separate distinct feeder funds invest.
Open-Ended Investment Company (OEIC)	A fund structured to invest in other companies with the ability to constantly adjust its investment criteria and fund size.
Offshore Feeder	An offshore-domiciled feeder fund designed for non-US and US tax-exempt investors that wish to subscribe via a separate offshore feeder company to avoid coming directly within the US tax regulatory net applicable to US taxable investors.
Qualifying Investor Fund (QIF)	A regulated vehicle aimed at Irish investors which allows the use of leverage and the holding of derivative products. This is a flexible vehicle which can quickly be brought to market.
Société d'Investissement à Capital Variable (SICAV)	A SICAV is a fund structure that is common throughout Western Europe, especially in Luxembourg, Switzerland, Italy, Spain, Belgium and France. SICAVs are typically open-ended, but may also be closed-end.
Side by Side – Domestic	In a side-by-side – domestic structure, US investors typically invest in a limited partnership organized in the US. This fund runs parallel to an offshore structure which follows the same strategy as the domestic fund. However, there are certain inherent inefficiencies in management; for example, the manager must allocate trades among its domestic fund and offshore fund while trying to achieve equivalent returns between the two.
Side by Side – Offshore	In a side-by-side – offshore structure, both US tax-exempt and non-US investors typically invest in an offshore corporation. This fund runs parallel to an onshore structure which follows the same strategy as the offshore fund. The same inefficiencies apply to side-by-side offshore as to their domestic counterparts.
Standalone – Domestic	A domestic partnership that invests without 'feeding' into or investing alongside another vehicle.
Standalone – Offshore	The most common structure for offshore managers with no US presence and that therefore expect to gear the fund predominately to non-US investors (and possibly US tax-exempt investors).
Undertakings for Collective Investment in Transferable Securities (UCITS)	The European regulatory framework for an investment vehicle which allows it to be marketed to investors across the EU. It aims to promote high levels of investor protection through greater transparency of investment activity. UCITS funds have to offer their investors at least fortnightly liquidity and monthly transparency documentation outlining the strategy and investments of the fund. UCITS funds have restrictions on the underlying investments that they are allowed to make as well as a cap on the level of leverage they are allowed to employ.

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# 8. HEDGE FUNDS

## PERFORMANCE

Annualized Performance	<p>Annualized returns express a fund's rate of return on an annual basis, or a return per year, over a given time period. This is calculated as a geometric mean of the reported monthly returns (M) for the given time period in the following manner:  <math display="block">((1 + M1) \times (1 + M2) \times \dots \times (1 + Mn))^{12/n} - 1</math></p> <p>The annualized performance represents the rate of return that, if compounded each year, would produce the cumulative return for the same period. It is a measure that describes the change in a fund's net asset value as if it grew or declined at the same rate each year during the period. The annualized performance is typically measured over trailing periods greater than 12 months, such as three years, five years or 10 years. It is also commonly measured for the entire period since a fund's inception.</p>
Asset Flows	The net of all cash inflows and outflows at either industry, strategy, region of fund level.
Average Month	The average (mean) of a fund's individual monthly returns. The average positive month provides an average of all months in which a return of zero or greater has been recorded. The average negative month is an average of all months in which a loss has been recorded.
Best Month/Worst Month	The best month represents the highest net return achieved by the fund in a single month. The worst month represents the lowest net return achieved by the fund in a single month.
Constituent Funds	A list of all the funds that contribute to the benchmark return. To avoid benchmarks being weighted by a single fund, only one share class per fund appears in any one benchmark, and only one fund or share class per master-feeder structure can appear in any one benchmark. Consequently, constituent fund lists are smaller than the number of funds for which returns are available for a particular period. Contributing funds and share classes are chosen based on set criteria, with those with the longest track record prioritized
Cumulative Performance	<p>The aggregate percentage increase or decrease in a fund's net asset value over a given period of time. This is calculated by geometrically linking the reported monthly returns (M) for the given time period in the following manner:  <math display="block">(1 + M1) \times (1 + M2) \times \dots \times (1 + Mn) - 1</math></p> <p>The cumulative performance is typically measured over trailing periods such as the past three months, one year, three years or five years. It is also commonly measured for individual years, the current calendar year (year to date) and the entire period since a fund's inception.</p>
Distribution of Monthly Returns	An overview of the frequency of distribution of a fund's monthly returns. This provides an insight into the number of a fund's monthly returns that are close to the average return and the number that are extreme values (outliers).
Downside Deviation	Unlike standard deviation, this risk measure only takes account of returns that fall below a defined minimum acceptable return (MAR). The excess returns for each month (or other period) are calculated and those that are positive are taken as zero values. The sum of the squares of the negative excess returns is taken. The downside deviation is then the square root of the mean (sum of squares divided by number of returns).
Drawdown Length	The number of months between a fund's highest net asset value and its lowest net asset value (before recovering to its previous peak level).
Drawdown Period	A drawdown period represents the period of time when the fund net asset value has declined from a previous peak. The period ends when the fund's net asset value reaches its lowest point (before recovering to its previous peak). The lowest net asset value, and therefore the drawdown period, can only be determined once the fund has fully recovered to its previous peak net asset value.
Drawdown Size	The percentage loss that a fund incurs from its peak net asset value to its lowest net asset value (before recovering to its previous peak level).
Emerging Manager	A fund manager with a track record of less than two years.
Excess Return	Provides an indication of the degree to which the fund has been successful at adding value or meeting a hurdle rate. Calculated by subtracting a predetermined rate of return (such as a risk-free rate, minimum acceptable return or benchmark return) from the net return of a fund over a specified period. It is used in the calculation of statistics such as the Sharpe and Sortino ratios.
Investment Growth/Value Added Monthly Index (VAMI)	The growth of a hypothetical \$1,000 investment in a fund. VAMI is calculated as follows: $\text{Previous VAMI} \times (1 + \text{current return})$ <p>It can be taken as a proxy for a fund's net asset value to calculate other statistics, such as a fund's drawdowns.</p>

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# 8. HEDGE FUNDS

## PERFORMANCE (CONT.)

Kurtosis	A measure of the 'peakedness' or flatness of a fund's returns distribution, relative to a normal distribution. Positive kurtosis indicates a peaked distribution, with returns close to the mean and a higher frequency of outliers (in the shape of very high returns or significant losses). Negative kurtosis indicates a flatter distribution, with frequent and moderate deviations from the mean. The kurtosis measure used is adjusted to give excess kurtosis, which represents the level of kurtosis in relation to a normal distribution. A normal distribution is an important assumption of statistics such as the Sharpe ratio.
Market Benchmarks	Benchmark returns comprise unweighted averages of constituent fund returns and provide an indication of industry and sub-sector performance in individual months and over longer periods. Funds are grouped based on their type, key strategy, sub-strategies, geographic scope and currency denomination.
Minimum Acceptable Return (MAR)	Used in the calculation of the excess return in the Sortino ratio, and in the calculation of downside and upside deviation. It is typically set according to the individual investor's goals and can reflect the risk-free rate, the return of another benchmark, zero or some other target.
Monthly Returns (Net, %)	The percentage change in the fund's month-end net asset value from the previous month-end net asset value, after fees have been deducted. Net-of-fees returns are used to provide an indication of fund performance from the perspective of investors.
NAV per Unit	The net asset value per share of a fund. Represents the market value of a fund's total net assets (total assets minus liabilities) divided by the number of shares outstanding. In many, but not all, cases this is the unit price or share price for new and existing investors in a fund.
Performance Date/As At Date	The date to which the performance statistic is measured. This reflects the last, or most recent, monthly return used in the calculation.
Recovery Length	The number of months between a fund's lowest net asset value and its new peak (or recovery of its previous peak) net asset value.
Risk-Free Rate (RFR)	The theoretical return of an investment with no risk. This is subtracted from a fund's actual returns to generate the excess return. It is factored into statistics such as the Sharpe ratio to account for the assumption that any investment with a degree of risk attached should deliver greater returns than the risk-free rate.
Sharpe Ratio	Provides an indication of a fund's returns relative to its level of risk. Calculated by subtracting a predetermined risk-free rate from the annualized period return to generate the fund's excess return, then divided by the fund's volatility over the same period. In general, the higher the Sharpe ratio, the better the risk/reward characteristics of a fund and volatile returns are not necessarily bad, provided they are accompanied by a proportionally higher return. The exception to this is a negative Sharpe ratio as a negative excess return will mean higher amount of risk will have a positive influence on the ratio. It should be enough to know that a Sharpe ratio is negative, without knowing its magnitude, as this indicates the fund has not generated additional returns by taking on extra risk.
Skew	A measure of the asymmetry of a distribution about the mean return. A positively skewed distribution is characterized by many low returns or losses and a few large returns. It is said to have a long right tail. A negatively skewed distribution is characterized by many high returns and a few low returns or losses. It is said to have a long left tail. A normal distribution is an important assumption of statistics such as the Sharpe ratio.
Sortino Ratio	Provides an indication of a fund's returns relative to its level of downside risk. It is similar to the Sharpe ratio but the Sharpe ratio can be negatively effected by volatility on the upside, as well as on the downside. In contrast, the Sortino ratio assumes that investors are tolerant of volatile returns if gains are being made. A fund's excess return (annualized return minus a pre-determined minimum acceptable return) is divided by its downside deviation below the minimum acceptable return.
Volatility	Measured by the annualized standard deviation of monthly returns during the specified period. An annualized figure is approximated by multiplying the standard deviation of monthly returns by the square root of 12 (for the number of periods in a year).
Year To Date	The cumulative return of a fund during the calendar year.

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# 8. HEDGE FUNDS

## STRATEGIES

130/30	A 130/30 ratio implies shorting stocks up to 30% of the portfolio value and then using the funds to take a long position in the stocks the investor feels will outperform the market.
Alternative Risk Premia	Aims to generate returns above the risk-free rate by taking on the risk of a given investment. The strategy is actively managed and invests long and short across multiple asset classes. Often systematic, trading many positions each day means investors are provided a highly liquid offering.
Asset-Backed Lending Strategies	A type of financing in which the asset bought is used as collateral. In asset-backed lending, the quality of the collateral and not the financial strength of the borrower is of prime importance.
Capital Structure Arbitrage	Funds that attempt to exploit the pricing inefficiency that exists in the capital structure of the same firm.
Commodities	Focused on investments in raw materials and/or primary agricultural products such as grains, meats and orange juice that can be bought and sold on a Commodities Exchange.
Convertible Arbitrage	Funds that attempt to exploit profits when there is a pricing error made in the conversion factor of the convertible security.
Cryptocurrency	Invests in cryptocurrencies directly or crypto-related securities. Can deploy strategies like long-only buy and hold, ICO investment or active trading through shorting, futures and relative value trading.
Directional	A strategy used by investors that open positions, either long or short, in the belief that they are able to correctly predict the movement of price in a security.
Distressed	A strategy that buys deeply discounted equity, debt or trade claims of companies in or facing bankruptcy or reorganization.
Diversified	For a fund of hedge funds, diversified implies its underlying funds invest across multiple hedge fund strategies. This is as opposed to a fund of hedge funds investing in multi-strategy-specific funds, i.e. funds that focus on managing a multi-strategy-themed vehicle.
Equity Market Neutral	Strategy that seeks to exploit differences in stock prices by being long and short in stocks within the same sector, industry, market capitalization, country etc. This strategy creates a hedge against market factors.
Event Driven	Strategy that seeks to exploit pricing inefficiencies preceding or following corporate events such as bad news, distressed situations, mergers & acquisitions, recapitalizations or spin-offs.
Fixed Income	Approach where a manager invests primarily in bonds (also annuities or preferred stock) which come with a fixed rate of interest (coupon) payable to the bondholder at maturity. Such funds are often highly leveraged.
Fixed Income Arbitrage	Strategy that consists of the discovery and exploitation of inefficiencies in the pricing of bonds.
Foreign Exchange	Funds that trade currencies on the foreign exchange market.
Insurance-Linked Strategies	Strategy linked to different forms of underlying insurance-related risk such as life/longevity products, natural catastrophes and industry loss etc. This strategy offers little to no correlation with the capital markets.
Long Bias	Fund biased towards buying and holding securities such as a stock, commodity or currency, with the expectation that the assets will rise in value.
Long/Short Credit	Takes long and short positions in credit instruments such as investment grade, high yield, convertible or distressed debt in order to take advantage of opportunities in these asset classes. Views based on credit analysis of issuers and securities.
Long/Short Equity	Buying undervalued stocks and selling short overvalued stocks (usually in the same sector). Long/short funds typically benefit from variable exposure (they can be net long, market neutral or even net short) and the use of leverage.
Macro	Aims to profit from changes in global economies, typically brought about by shifts in government policy that impact interest rates, in turn affecting currency, stock and bond markets. Participates in all major markets – equities, bonds, currencies and commodities – though not always at the same time.
Managed Futures/Commodity Trading Advisors (CTA)	CTAs look after managed futures accounts, deciding on their positions based on expected profit potential. This will incorporate buying and selling commodity futures or futures options. Managed futures offer the potential for reduced portfolio volatility and the ability to earn profit in any economic environment.
Mortgage-Backed Strategies	Trading securities that are secured by a mortgage or a collection of mortgages.
Multi-Strategy	A single fund whose investment strategy combines several different hedge fund strategies.
Niche	Fund concentrates on a specific, small market niche; for example, the healthcare industry.
Opportunistic	Investment theme changes from strategy to strategy as opportunities arise to profit from events such as IPOs, sudden price changes often caused by interim earnings disappointment, hostile bids and other event-driven opportunities.

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# 8. HEDGE FUNDS

## STRATEGIES (CONT.)

Real Estate	A fund investing in the real estate market – can include investment in various property types.
Relative Value Arbitrage	Relative value strategies generate profits by capturing the spread between two closely related securities. For example, an investor can buy relatively undervalued off-the-run US Treasury Bills and simultaneously short relatively overvalued on-the-run US Treasury Bills with the same duration.
Risk/Merger Arbitrage	Form of arbitrage that involves the simultaneous purchase of shares in one company and the short sale of assets in another. This strategy is typically used in expectation of a pending announcement of a company takeover.
Sector-Focused	A fund that invests solely in businesses that operate in a particular industry or sector of the economy.
Short Bias	Fund is biased towards the act of borrowing stock to sell high today with the expectation of buying it back at a lower price in the future and then returning the stock to the lender.
Specialist Credit	Invests purely on credit investment and employs a number of credit strategies.
Special Situations	Targets investment in event driven situations such as mergers & acquisitions, hostile takeovers, reorganizations or leverage buyouts.
Statistical Arbitrage	Mathematical modelling techniques are used to identify pricing inefficiencies between securities in order to make a profit.
Value-Oriented	Invests in securities perceived to be selling at deep discounts to their intrinsic or potential worth. Such securities may be out of favour or underfollowed by analysts. Long-term holding, patience and strong discipline are often required until the ultimate value is recognized by the market.
Variable Bias	Fund that is able to take on elements of long and short bias.

## ALTERNATIVE RISK PREMIA

Carry	Trading strategy that involves borrowing at a low interest rate and investing in an asset that provides a higher rate of return. The tendency being that higher-yielding assets provide higher returns than lower-yielding assets
Defensive	Seeks returns from low-risk strategies, generating incremental gains without taking on large amounts of risk.
Liquidity/Size	Investing on the assumption that smaller stocks will outperform their larger peers.
Mean Reversion	Investing on the assumption that all assets will revert to their long-term means over time.
Momentum	Investors buy recently outperforming assets and sell short recently underperforming assets. The typical approach is to look at the past 12-months of returns for a universe of assets, going long on the ones that have outperformed their peers and shorting the underperformers. Inherent part of the majority of trend-following CTAs.
Value	Seeks value in underlying positions.
Volatility	Choosing an acceptable volatility target level and rebalancing a traditional 40/60 portfolio to ensure it hits that level of risk. The strategy can also be referred to as 'risk parity investing'.

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# 8. HEDGE FUNDS

## CTAs

Arbitrage	Objective to capitalize on the price difference between similar stocks trading on different markets. The price discrepancies are spotted by the manager which is exposed to some risk in the form of price fluctuations and the devaluation of a currency or derivative.
Counter Trend	Trading strategy in which investors buy or sell counter to the direction of the market. It looks to pick the top or bottom of the market using technical analysis and quick decision-making.
Macro	Aims to profit from changes in global economies, typically brought about by shifts in government policy that impact interest rates, in turn affecting currency, equity and bond markets. Participates in all major markets, though not always at the same time.
Multiple Strategy	CTA that opts for at least two of arbitrage, counter-trend, macro, option-writing, pattern-recognition or trend-following strategies.
Option Writing	Strategy that involves the collection of premiums in return for offering risk insurance to other market participants.
Pattern Recognition	Technique used to forecast price moves based on the identification of trading patterns or technical indicators such as flags and channels.
Single Strategy	CTA focused on one strategy, usually one of arbitrage, counter trend, macro, option writing, pattern recognition or trend following.
Trend Following	Traders capture price trends by following a visual chart strategy utilizing small stops with a 2:1 ratio of reward to risk. Trend followers profit from directional moves that reflect informational gaps, changes in sentiment and supply/demand imbalances in markets.

## BENCHMARK INDICES

London Interbank Offered Rate (LIBOR)	The most commonly used benchmark for short-term interest rates. The LIBOR is fixed on a daily basis by the British Bankers' Association.
MSCI	An index created by Morgan Stanley Capital International (MSCI) that is designed to measure equity market performances.
Russell 3000	Market capitalization-weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire US market. This index encompasses the 3,000 largest US-traded stocks.
S&P 500	An index from Standard & Poor, is a market-capitalization-weighted index of the 500 largest US publicly traded companies by market value.
Treasury Bill (T-Bill)	A short-term debt obligation backed by the US Government with a maturity of less than one year.
Wilshire 5000	A market capitalization-weighted index composed of over 5,000 publicly traded companies that meet the following criteria: the companies are headquartered in the US; the stocks are actively traded on an American stock exchange; the stocks have pricing information that is widely available to the public.

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# 8. HEDGE FUNDS

## INVESTMENT METHODOLOGY

Activist	Funds that generally buy a large enough part of a company to be able to actively participate in the management and decision-making, sometimes to catalyze change.
Artificial Intelligence/Machine Learning	Fund uses complex computer algorithms to replicate a human's ability to learn and make predictions before executing trades autonomously. Funds can identify new investment opportunities across financial markets using a multitude of sources and can consider human insights to a greater degree than traditional systematic funds that rely on chart movement.
Bottom-up	The emphasis is firmly on the individual company in the belief that individual companies can thrive in spite of the non-performing industry in which it is based. This approach focuses on thorough due diligence and research of the target company. Polar opposite approach to 'top-down' investing.
Commodities	Raw materials and/or primary agricultural products such as grains, meats and orange juice that can be bought and sold on a Commodities Exchange.
Currency	Hedge funds that invest in currencies can implement a number of different strategies such as currency trading, currency options and derivatives.
Debt	The amount of money borrowed by one party from another and on which a fixed rate of interest (coupon) is paid at a later date (maturity). Bonds, loans and money-market instruments are examples of debt.
Derivatives	A security whose price is dependent on, or derived from, one or more underlying assets. The derivative itself is merely a contract between two or more parties. Value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indices. Most derivatives are characterized by high leverage.
Discretionary	A human system used to trade instruments that is characterized by proprietary approaches employing technical and/or fundamental analysis in a specific combination.
Equities	Stocks or other types of security that represent an ownership interest.
ETFs	A basket of securities that trades an index but can also be traded like a stock on an exchange.
Forward Contracts	Contract stipulating an agreement between two parties for the agreed delivery and time for a security to be exchanged. The quantity and price of the asset to be delivered in the future is specified.
Futures Contracts	Contract between two parties used to take advantage of market price movements. The buyer of the futures contract agrees on a fixed purchase price to buy the underlying commodity from the seller at the expiration of the contract. The seller of the futures contract agrees to sell the underlying commodity to the buyer at expiration and at the fixed sales price. As time passes, the contract's price changes relative to the fixed price at which the trade was initiated. This creates profits or losses for the trader.
Options	Gives an investor the right but not the obligation to buy an asset at a specific price and at a specific date or time.
Swaps	The exchange of one security for another between firms/traders for various reasons such as a change in investment objectives and the quality or maturity of the assets.
Swaptions	An option entitling the owner to the right, but not the obligation, to enter into a swap agreement.
Systematic	A computerized system using proprietary computer models to generate buy-and-sell decisions. The models utilize quantitative analysis of different technical factors.
Top-down	Approach that focuses on the industry as a whole in which targeted stocks are based. This approach puts emphasis on the significance of economic and market cycles on the value of stocks, thereby assuming that the industry must be performing for an individual company or stock in that industry to do the same.
Trading Volatility	Form of trading that seeks to take advantage of potential pricing movements in an asset, such as a stock. It is primarily traded through options as their value is directly affected by the volatility of its underlying asset.
Warrants	A security that entitles the holder to purchase the stock of the issuing company at a fixed exercise price until the expiry date.

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# 9. FUND TERMS & CONDITIONS

## PRIVATE CAPITAL TERMS

Deal-by-Deal Distribution of Proceeds	A GP earns carry related to the specific deal for which distributions are being made, as long as LPs have received back their contributions made with respect to investments realized up to that point in time, and commonly also contributions made with respect to any write-down amounts on unrealized investments, as well as expenses attributable to both (plus any specified preferred return).
Earn-out Clause	An agreement included within a secondary transaction that protects the interests of the seller. The pricing of the offering is directly related to the future performance of the underlying funds and can be structured, mainly, in two ways: 1. A minimum price can be agreed and paid in full, with the buyer agreeing to make further regular payments based on the performance of the funds. 2. A buyer can purchase a portion of the offering, with the remainder purchased at a later date when the price can more easily be calculated by taking into account the performance of the underlying funds.
Fee Rebates to LPs	Common practice for funds to provide corporate finance and other services to the portfolio companies/assets that they own, and to charge for these services. These fees can be significant, often amounting to 1.0-1.5% of the value of companies acquired. In addition, the firms will charge monitoring fees and directors' fees to the companies in the portfolio. It used to be common for managers to retain these fees, but now all or a significant proportion are rebated to investors in the fund, often offsetting against the management fee.
Fund Formation Costs/ Organizational Expenses	Most partnership agreements make a provision for the costs of setting up the fund to be borne by the fund itself (as opposed to being an expense for the GP), up to a stated amount. Allowable costs generally rise with fund size. Placement fees are generally explicitly excluded from the costs to be borne by the fund, as these are the responsibility of the GP.
GP Carry	GPs managing most private funds earn a share of the net investment gains from the fund through the carry, which can be structured in two principal ways: on a deal-by-deal basis or on a whole fund basis.
GP Catch-up Rate	Once the hurdle rate has been met, the GP catch-up rate is the proportion of subsequent gains that are allocated to the GP until the GP has caught up to its predetermined share of overall profits. For example, a GP catch-up rate of 100% would mean that after investors had received all the returns up to the hurdle rate, the GP would then receive all gains thereafter until its overall share of all gains reached the stated rate of carry.
GP Commitment	GP managing a fund generally make a financial commitment to the vehicle on the same basis as the LPs in the fund, and this is seen as an important factor driving the alignment of GP and LP interests.
Hurdle Rate/Preferred Return	The level of return that must be achieved by the GP before they are able to claim carry.
Key-Man Provision	Key-man provisions or key-man clauses are an important non-economic governance factor for funds. The clause gives LPs the opportunity to terminate the fund's investment period and/or appoint a new GP to manage the fund in the event that specified provisions are not met by the GP including the number of original principals of the managing firm or the amount of time they have spent managing the fund.
LP Advisory Committee	The majority of funds have LP advisory committees, and include provisions for investors to be appointed to the board by the GP, with a majority of investors being independent of the fund manager. The membership of these committees tends to increase with fund size.
Investment Period Management Fee	Management fees during the investment period are almost invariably calculated as a percentage fee applied to the commitments made by the LP to the fund. The logic behind this is that the primary determinant of the workload for the GP is the search for potential investments, and this is driven by the size of total commitments to the fund, and not the actual amount invested at this stage in the fund's lifetime.
Post-Investment Period Management Fee	Almost all funds base their management fees during the investment period on a percentage fee rate multiplied by the LP's commitment to the fund. The investment period is generally the costliest period for managing the fund, due to the workload of finding and acquiring investments, and the management fees reflect this. Fees for most funds are reduced after the investment period, and the reduction can be effected through a range of mechanisms including a step-change in the percentage rate charged, an annual reduction in the rate charged and/or changing the asset base for fee charging from commitments to the cost basis of the unrealized portfolio.
Minimum LP Commitment	Most funds impose restrictions on the minimum commitment that LPs can make to the fund. As might be expected, the minimum required size tends to be larger for funds targeting larger amounts of total capital.
No-Fault Divorce Clause	Funds have always had provisions for terminating the investment period and/or appointing a new GP to manage the fund in the event that the GP is guilty of gross misconduct or breaches material provisions of the partnership agreement. However, in a development aimed at improving governance and security for LPs, an increasing proportion of funds now have so-called no-fault divorce provisions, whereby a stated supermajority of LPs can elect to make these changes without cause. These provisions appeared during the late 1990s, and have now become an industry standard, with almost all funds now having a no-fault divorce clause included.
Whole Fund Distribution of Proceeds	The GP only starts to earn carry once LPs have received distributions equalling their total contributions to the fund (plus any specified preferred return). The total amount of carry should be the same as the 'deal-by-deal' method, but using 'whole fund' means the GP will have to wait longer to earn its share of the profits

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# 9. FUND TERMS & CONDITIONS

## HEDGE FUND TERMS

Gate Percentage	Percentage of fund/investor's capital which can be redeemed from the fund at any one time.
Gating Provisions	Fund Level: Provision to limit the amount of capital that can be redeemed from the fund at any one time. Gate usually imposed on 20% of the fund's asset value. Investor Level: Provision to limit the amount of capital that can be redeemed from the fund at any one time. Gate usually imposed on up to 25% of an investor's money each quarter, over four quarters. Hybrid: Provision to limit the amount of capital that can be redeemed from the fund at any one time. Gate imposed at the investor- and fund-level.
Hard Lock-up	A period of time in which investors are not permitted to redeem their investment in the fund.
High-Water Mark	Mechanism that addresses the problem of managers being rewarded for poor performance. The high-water mark ensures that performance fees are based on the net new profits for each investor on an annual basis and that a manager does not collect a performance fee until previous losses have been recouped, at which time the high-water mark resets.
Hurdle Rate	Mechanism that ensures that performance fees are only levied after a performance target or rate has been met. Typical hurdle rates are either a fixed or variable rate, linked to specific benchmarks.
Leverage	Borrowed money that amplifies the risk/return profile of an investment and in turn amplifies any subsequent gains and losses.
Management Fee	Annual fee charged by the manager to investors to cover the costs and expenses of a hedge fund. This has typically been charged at 2% of the net asset value of a fund over a 12-month period; however, the amount varies.
Maximum Leverage Employed	The maximum amount of leverage a fund manager is willing to use in order to generate the returns it seeks.
Performance Fee	Fee charged to the investor to reward positive returns of the fund. The manager usually takes 20% of the fund's profits. Also known as an 'incentive fee.'
Redemption Fees	The fee charged by the fund to investors redeeming their capital earlier than their designated redemption date.
Redemption Frequency	Determines how often an investor can redeem capital from a hedge fund.
Redemption Notice Period	Determines the amount of notice required from investors wishing to redeem their capital from the fund.
Rolling Lock-up	A provision allowing investors to redeem capital on their designated redemption date but which enforces an additional lock-up period for investors in the event that they forfeit their right to redeem.
Seed Capital	The initial capital used to start a hedge fund.
Soft Lock-up	A period of time in which investors may withdraw their investment subject to a redemption fee (see Redemption Fees).
Subscription Frequency	Determines how often a new investor can invest in a hedge fund.

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