

ALTERNATIVE INVESTMENTS A THROUGH Z*[©]

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PRODUCT	TYPES	REWARD	RISK
<p><u>Debt-Based Offering:</u></p>	<p><u>Credit Derivatives:</u> Contracts linked to the underlying reference asset's credit performance.</p> <p>.....</p> <p><u>Distressed Debt:</u> Acquisition of seriously troubled companies' corporate bonds.</p>	<p>Credit risk reduction for issuers; less costly (than underlying asset) derivatives access for buyers.</p> <p>.....</p> <p>Capture capital gains from spread return between price paid and restructuring or liquidation results.</p>	<p>Performance measurement shortcomings, transparency, liquidity, & agency issues.</p> <p>.....</p> <p>Market timing & correlation; cyclicity; asymmetrical information; agency issues; event, holding period & liquidation risk.</p>
<p><u>Hedge Fund:</u> a private investment conduit organized as a limited partnership where investors' assets are pooled.</p>	<p><u>Convertible Bond Arbitrage:</u> in synch purchase a bond with option to exchange it for a fixed number of stock shares & "borrowed" sale of same firm's common stock.</p> <p>.....</p> <p><u>Emerging Markets:</u> buying stocks &/or bonds in less economically developed countries with strengthening economies.</p> <p>.....</p> <p><u>Equity Market Neutral:</u> buying stock/selling "borrowed" stock to maintain a portfolio net exposure of zero dollars, zero beta, or zero sector = no market direction bets.</p> <p>.....</p> <p><u>Event-Driven:</u> buying stock &/or selling "borrowed" stock OR in synch stock purchase with sale of "borrowed" stock &/or convertible bond of firm expected to have one of these events: 1) <u>Risk (Merger) Arbitrage:</u> merger or acquisition; 2) <u>Distressed or High Yield Securities:</u> financially distressed or bankrupt company; 3) <u>Regulation D:</u> micro/small cap public firm raising private monies.</p> <p>.....</p> <p><u>Fixed Income Arbitrage:</u> buy interest rate security/sell "borrowed" related interest rate security on a global basis.</p> <p>.....</p> <p><u>Global Macro:</u> buy any (including derivative) asset/sell "borrowed" same asset on a global basis based on an opinion of overall market direction in reaction to economic event.</p>	<p>Attain profit through price differences while protecting initial investment.</p> <p>.....</p> <p>Acquire potential profits embedded in exponential start-up growth phase.</p> <p>.....</p> <p>Gain steady returns with minimal risk.</p> <p>.....</p> <p>Capture price movements of consequential corporate events.</p> <p>.....</p> <p>Net price incongruities that offer steady returns with low volatility.</p> <p>.....</p> <p>Attain profit from price directional changes.</p> <p>.....</p>	<p>Lack of underlying product availability; performance measurement shortcomings; transparency issues; liquidity, interest rate, & failure rate risk.</p>

	<p>Long/Short Equity: buy stock while selling “borrowed” stock with maybe some balancing futures/options to bet on an interesting sector’s direction.</p> <p>Managed Futures: buy financial, commodity, &/or currency futures contract/sell same “borrowed” financial, commodity, &/or currency futures contract.</p> <p>Multi-Strategy: 1) Single Manager with a strategy of investing/shifting in/between multiple types of hedge funds but all in one portfolio; OR 2) Funds of Funds a hedge fund that invests in other hedge funds.</p> <p>Short Sellers: buying less stock &/or derivative than selling same “borrowed” stock &/or derivative with aim of buying them back at a lower price.</p>	<p>Gain profit from price directional changes.</p> <p>Capture profit when market dislocation occurs.</p> <p>Single Manager gains greater choice of investments with lower costs than a funds of funds while Funds of Funds offer greater diversification. Both offer more investment oversight.</p> <p>Acquire profit from market inefficiencies creating pricing inaccuracies.</p>	
<p>Private Equity: private partnership or closely-held company with a pool of investors’ capital to fund corporate growth.</p>	<p>Small-Business Investment Company: government funded entity invests in entrepreneur with product idea in start-up stage.</p> <p>Venture Capital: equity investment in early stage to expansion stage private companies.</p> <p>Mezzanine: hybrid often unsecured subordinated debt with equity up ticks issued as later stage financing.</p> <p>Private Equity: leveraged buy-out of mature firm financing.</p>	<p>Gain increase from shareholder value growth.</p>	<p>Market timing & correlation, performance measurement concerns, trend overreaction.</p>
<p>Real Estate: investment in listed and unlisted properties.</p>	<p>Infrastructure: public facility &/or transportation project.</p> <p>Natural Resources: property containing commodities innately generated by/located in the ground.</p> <p>Traditional: hotel, office building, shopping center, etc...</p>	<p>Profit from sales of goods/services &/or investment appreciation.</p>	<p>Liquidity issues, performance measurement concerns, cyclicity.</p>

* Operational risks of key person, settlement, judge track record, claim liability, disputed/contingent claims, holding period, liquidation, tax issues, and compliance/IT/legal/infrastructure are similar to other privately-held businesses.