

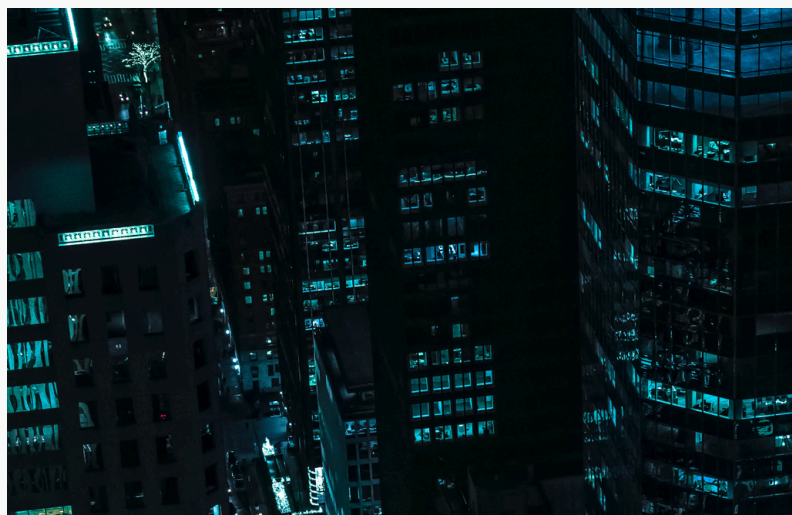
# THE SPECIALISED STRATEGIES USED WITHIN HEDGE FUNDS

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*“Navigating Uncertainty” is a dynamic finance series designed to demystify the complexities of hedge funds. We provide clarity on intricate concepts, ensuring accessibility to readers of all backgrounds.*



**COBUS  
POTGIETER**  
SOUTHERNCROSS  
CAPITAL



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## WHICH SPECIALISED STRATEGIES ARE USED IN HEDGE FUNDS?

Hedge funds are incredibly diverse. It is one of our biggest frustrations that Hedge Funds tend to be classified the same as **traditional long only funds**. When we typically take a category such as **general equity** or **short term fixed income** - those funds within that category are comparable. Hedge Funds on the other hand, are not.

Two **market neutral funds**, even though they operate purely in the equity space, might have entirely divergent strategies - using entirely divergent instruments. The same goes for **long short equity** or **multi-strategy**.

Strategies can be highly specialised. It is important to understand the underlying strategies, not simply group Hedge Funds together generically. Each Hedge Fund may have a particular use or may not be of particular use in an investors portfolio.

Hedge Funds are not generically comparable, even within the same categories.

### IT IS IMPORTANT TO UNDERSTAND:

- Each individual Hedge Fund;
- Which tools that Hedge Fund utilizes;
- What role that Hedge Fund is designed to play.

These are all factors to consider for an investors ultimate portfolio.

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