

WHAT IS A HEDGE FUND:

2. Definitions

- 2.1. What is a hedge fund?
- 2.2. Investment strategies
- 2.3. Hedge fund indexes
- 2.4. Historical return analysis



Figure 2. Partial listing of risk universe in relation to hedge funds

2. Definitions

2.1. WHAT IS A HEDGE FUND?

There is no an universally accepted definition of *hedge fund*. However, the common characteristics of the term *hedge fund* are: private investment fund that invest in a wide range of assets and employs a great variety of investment strategies. Due to their nature hedge funds have almost no restrictions in the use of derivatives, leverage or short-selling. This combination of capacity, instruments and flexibility in their investment decisions makes a significant difference relative to the more regulated, mutual funds.

Also, the combination of these resources has allowed hedge funds to exploit new market opportunities through investment strategies.

“The Investment in Hedge Funds as an Alternative Investment”

By Joaquín López Pascual

<https://www.intechopen.com/books/engineering-management/the-investment-in-hedge-funds-as-an-alternative-investment>