

## **SOME QUESTIONS TO START THE DIALOGUE ON HEDGE FUNDS JUNE 2013**

- Why use a Hedge Fund (HF) and not market traded securities
- Are HFs allowed in the scheme rules
- What is the investment objective of the HF
- What strategies does the fund use to pursue objectives
- Does it complement the schemes objectives
- What instruments are traded
- What are the principal risks
- In which markets will the fund likely succeed
- In which markets will the fund likely falter
- Who will monitor the fund
- What criteria will apply
- Is there an historic performance – if so
- What is the standard deviation
- What is the maximum drawdown
- What is the maximum potential loss
- What is the appropriate benchmark
- What is the benchmark performance
- What is the benchmark standard deviation
- What is the benchmark maximum drawdown
- What is the correlation to other assets in the portfolio
- Does HF position increase concentration in the overall portfolio
- What are the sales charges
- What is the performance fee
- What is the Total Expense Ratio
- Are the managers investors in the fund