

Glossary

Here we explain the main terms from the CIO View

Adverse selection is when buyers and sellers of an asset have different access to information, distorting the transaction in one side's favor.

Airbnb is a firm enabling individuals to let and rent accommodation.

In relation to currencies, appreciation refers to a gain of value against another currency over time.

Arbitrage profits from exploiting price differences of identical or similar financial instruments on different markets or in different forms.

A balance sheet summarizes a company's assets, liabilities and shareholder equity.

The Bank of Japan (BOJ) is the central bank of Japan.

The Barclays Global High Yield Index captures the performance of high-yield debt securities.

A blind-pool limited partnership is one without any stated investment goals, leaving these to the discretion of the general partners.

The Bloomberg Dollar Spot Index measures the value of the U.S. dollar against 10 global currencies, both developed market and emerging market.

A bubble is characterized by prices surging higher than warranted by fundamentals, followed by a drastic drop in prices as a massive selloff occurs.

The Bundesbank is the central bank of Germany.

Bunds are issued by Germany's federal government, most frequently with a maturity of 10 years, and are the German equivalent of U.S. Treasury bonds.

The Chinese yuan (CNY) is legal tender on the Chinese mainland, also referred to as the Renminbi, RMB.

The CNX Nifty Index, also simply the Nifty, is India's benchmark stock-market index, covering 50 corporations in 22 sectors of the Indian economy.

Co-investments involve individuals or institutions taking minority stakes in a deal behind larger lead investors.

Consumer discretionary is a sector of the economy that consists of businesses selling nonessential goods and services.

Consumer staples is a sector of the economy selling essential products.

Corporate governance refers to the mechanisms, processes and relations by which corporations are controlled and directed.

Counterparties, in the broadest sense, are entities with which one has conducted a financial transaction.

The Dallas Fed Germany House Price Index is a price index compiled by the Dallas Fed which includes German real estate.

The default rate refers to the proportion of borrowers who cannot service their loans.

Deflation is a sustained decrease in the general price level of goods and services.

In relation to currencies, depreciation refers to a loss of value against another currency over time.

Devaluation is the forced reduction of the value of a currency against other currencies.

A Developed Market (DM) is a country fully developed in terms of its economy and capital markets.

Directional strategies, in a hedge-fund context, are those that take a position based on a view of likely overall market movement.

Diversification refers to the dispersal of investments across asset types, geographies and so on with the aim of reducing risk or boosting risk-adjusted returns.

A dividend is a distribution of a portion of a company's earnings to its shareholders.

The European Central Bank (ECB) is the central bank for the Eurozone's single currency, the euro.

An Emerging Market (EM) is a country that has some characteristics of a developed market in terms of market efficiency, liquidity and other factors, but does not meet standards to be a developed market.