

Glossary

Here we explain the main terms from the CIO View.

Activism is a sub-strategy of event-driven strategies which attempts to obtain representation of the company's board of directors in an effort to impact the firm's policies and may include activities such as division or asset sales and changes in management.

The term advanced economies is used by the International Monetary Fund to describe developed countries.

Alpha is a measure of the active return on an investment. An investment's alpha is the excess return relative to the beta-adjusted market return.

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

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

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

In finance, a barbell strategy means avoiding assets with an average risk-reward profile. A common example of this would be to invest in long- and short-duration bonds but not in intermediate-duration bonds.

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

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

One basis point (bp) equals 1/100 of a percentage point.

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

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

Buy and hold is an investment strategy where an investor buys stocks and holds them for a long time.

A buyout is the purchase of a company's shares in which the acquiring party gains controlling interest of the targeted firm.

The carry (of an asset) is the cost or benefit from holding the asset.

Cloud computing is a model for enabling ubiquitous network access to a shared pool of configurable computing resources by providing users and enterprises with various capabilities to store and process their data in third-party data centers.

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.

A commodity trading advisor (CTA) is an individual or organization providing advice and services related to trading in futures contracts, commodity options and/or swaps.

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

Corporate hybrids are securities that combine the elements of the two broader groups of securities, debt and equity.

In economics, crowding in is a situation in which private investment increases as debt-financed government spending increases. This is caused by government spending boosting the demand for goods, which in turn increases private demand for new output sources, such as factories.

Default is the failure to meet the legal obligations of a loan, for example when a corporation or government fails to pay a bond which has reached maturity. A national or sovereign default is the failure or refusal of a government to repay its national debt.

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

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

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

Dry powder, in a private-equity context, refers to cash or other very liquid reserves that can easily be deployed for investment.

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.

Equity long/short investing strategies take long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline, while trying to minimize market exposure.