Abstract

Hedge funds are a large part of the modern financial system and make up a significant portion of the alternative investment space. The strategy a hedge fund runs is important because it determines the objective and return of the fund. These strategies use different models and projections in order to accomplish various goals, based on the investor's preferences. Essentially, it is the strategy of a hedge fund that leads it to produce returns for the investor; without the strategy, hedge funds would not have a deliberate plan as to how to invest. These diverse strategies are able, and have been proven, to deliver very high returns and have been shown to outperform traditional investments. I analyze many of these hedge fund strategies and explain what makes each of them run successfully, exploring the various purposes and structures of each.

Honors College
Ball State University
Muncie, IN 47306