

Alternative Investments Glossary

This glossary covers key alternative investment terms for general reference. Some structures, regulations, and tax provisions referenced are U.S.-specific and may vary by jurisdiction.





34 Act Reporting Vehicle

An investment fund registered under the Investment Company Act of 1940, subject to SEC oversight. An investment vehicle subject to the reporting requirements of the Securities Exchange Act of 1934, including ongoing public disclosure to investors.

401K

The most common employer-sponsored retirement savings plan, allowing employees to contribute a portion of their salary on a pre-tax or after-tax basis. Contributions grow tax-deferred until withdrawal at retirement.

40 Act (Investment Company Act of 1940)

A federal law that regulates investment companies such as mutual funds, ETFs, interval funds, and certain alternative investment vehicles, providing oversight and investor protections.

1031 Exchange

A provision in the U.S. tax code that allows real estate investors to defer capital gains taxes by reinvesting proceeds from the sale of a property into a qualifying like-kind property within a specified timeframe. Commonly used by real estate investors to preserve and grow capital across transactions.



Absolute Return

An investment approach that seeks to generate positive returns regardless of broader market conditions, rather than outperforming a benchmark. Commonly used in hedge fund strategies.

Access Fee

A fee charged by a feeder fund for providing access to an underlying fund, typically at a lower investment minimum than the fund requires directly.

Accredited Investor

An individual or entity that meets income or net worth thresholds set by the SEC, allowing them to invest in private placements and alternative investments. Currently includes individuals with \$200K+ annual income or \$1M+ net worth, excluding primary residence.

Alpha

The return an investment generates above its benchmark. Positive alpha means outperformance; negative alpha means underperformance.

Alternative Investments

Investments outside traditional stocks, bonds, or cash. Includes private equity, private credit, hedge funds, real estate, and other non-public assets. Often used for diversification and enhanced return potential.

Annuity

A contract issued by an insurance company that provides a stream of income payments in exchange for an upfront investment or series of contributions. Annuities are commonly used in retirement planning to generate predictable, long-term income and may offer tax-deferred growth.

Arbitrage

An investment approach that seeks to profit from price differences between related securities or markets, often by simultaneously buying undervalued assets and selling overvalued ones.

Asset-Based Lending (ABL)

Loans secured by a company's tangible assets, such as accounts receivable, inventory, or equipment. ABL is commonly used by companies in capital-intensive sectors with fluctuating cash flows.

AUM (Assets Under Management)

The total market value of all assets a fund manages, including both invested capital and cash not yet deployed.

B

Barrier

A predefined threshold in a structured product that, if breached by the underlying asset, changes the terms of the investment — typically exposing the investor to losses beyond that level. Unlike a buffer, a barrier offers no protection once it is broken.

Benchmark

A reference point used to measure a fund's performance, such as the S&P 500 or a group of similar funds.

Beta

A measure of how much an investment moves relative to the market. A beta above 1 means more volatile than the market; below 1 means less.

Bridge Loan

A short-term loan used to finance a property acquisition or project until permanent financing is secured.

Broadly Syndicated Loans (BSLs)

Senior secured loans originated by large banks and syndicated to institutional investors. BSLs often feature looser covenants and higher liquidity than privately negotiated direct loans.

Buffer

A feature in structured products or RILAs that absorbs a defined percentage of losses before the investor is impacted. A 10% buffer means the issuer absorbs the first 10% of losses.

Business Development Company (BDC)

A publicly registered fund that invests in the equity or debt of small and mid-sized private companies. At least 70% of assets must be invested in eligible U.S.-based companies.

Buyout

Acquiring a controlling stake in an established company, often using debt financing, with the goal of improving operations and generating a return upon exit.

C

Capital Call

A request by a private fund for investors to provide a portion of their committed capital, usually to fund a new investment.

Capital Call Facility / Subscription Line

A short-term credit line used by a fund to make investments before calling capital from investors, reducing the frequency of capital calls.

Capital Call Structure (Drawdown Structure)

A fund structure where investors commit capital upfront but only transfer funds when the manager is ready to invest.

Capital Commitment

The total amount an investor agrees to invest in a private fund over its life.

Capital Distributions

Payments made to investors from the fund, typically after a portfolio company is sold or income is generated. Can be made in cash or stock.

Cap Rate (Real Estate)

A measure of a real estate asset's expected return, calculated by dividing net operating income (NOI) by the property's current market value. Used to compare the relative value of real estate investments.

Cap Rate (Structured Products)

The maximum return an investor can earn in a structured product or indexed annuity during a given period, regardless of how much the underlying index gains. Cap rates define the upside limit in exchange for downside protection or other product features.

Cap Table (Capitalization Table)

A record of a company's ownership structure, showing the equity stakes held by founders, employees, and investors.

Capital Stack

The hierarchy of financing sources used to fund an investment, typically ranging from senior debt (lowest risk, highest repayment priority) to common equity (highest risk, greatest upside potential).

Capital Statement

An investor report showing capital commitments, contributions, distributions, remaining commitments, and current investment value.

Capital Structure

The combination of debt and equity used to finance a company or investment. Senior debt holders have the highest repayment priority, followed by mezzanine or subordinated debt, with equity holders bearing the most risk but the greatest upside potential. See also: Capital Stack.

Carried Interest

The share of a fund's profits paid to the fund manager as performance compensation, typically earned only after investors receive their preferred return.

Cash Drag

The cost of holding uninvested cash in a fund. Cash earns less than deployed capital, which can reduce overall returns.

Catch-up Provision

A clause in a private fund agreement that allows the fund manager to receive a larger share of profits after investors have received their preferred return, until the agreed profit split is reached.

Clawback Provision

A clause that requires the manager to return previously received performance fees if the fund underperforms over its life, typically assessed at fund liquidation.

Close (First, Second, Final)

The date when a fund accepts and finalizes investor commitments. Funds may hold multiple closes before the final close ends the fundraising period.

Closed-end Fund

A fund with a fixed fundraising window. Once closed, no new investors can join and capital is locked in for the fund's life.

Co-Investment

A direct investment made alongside a private market fund into a specific deal, typically offered by a GP to select limited partners. Co-investments often come with reduced or no fees.

Collateralized Loan Obligation (CLO)

A structured credit vehicle that pools corporate loans and issues securities in tranches of varying risk and return. Senior tranches carry lower risk; junior tranches offer higher return potential with more risk.

Collective Investment Trust (CIT)

A pooled investment vehicle available exclusively to qualified retirement plans, such as 401(k)s. Maintained by banks or trust companies and exempt from SEC registration, CITs often have lower fees than comparable mutual funds and may be used to provide private market exposure in defined contribution plans.

Core Real Estate

Investments in high-quality, well-located properties with stable income streams and lower risk. Core real estate strategies focus on income generation and capital preservation.

Core Plus Real Estate

Properties similar to core but with slightly higher risk and return potential, often due to moderate asset management or leasing initiatives. Core Plus strategies balance income and appreciation.

Correlation

A measure of how closely two investments move together. Low or negative correlation between assets helps reduce portfolio risk.

Covenants (Financial Covenants)

Legal conditions embedded in loan agreements that require borrowers to maintain specific financial ratios or operating restrictions. Designed to protect lenders by ensuring the borrower's financial health.

Credit Hedge Fund

A hedge fund that invests in debt instruments across credit quality levels, aiming to generate yield through active management.

Credit Income Interval Fund

A type of closed-end fund that offers periodic (not daily) liquidity through repurchase offers. Can invest more heavily in private securities than a mutual fund.

D

Debt Financing

Raising capital by borrowing money from investors, who become creditors with priority over equity holders if the company faces financial difficulty.

Defined Contribution (DC) Plan

A retirement plan in which employees, employers, or both make regular contributions to an individual account. The retirement benefit depends on contributions made and investment performance over time. The 401(k) is the most common example.

Delaware Statutory Trust (DST)

A structure that allows investors to own a fractional interest in professionally managed real estate, commonly as part of a 1031 exchange.

Direct Lending

Loans made directly to private companies — typically in the middle market — by non-bank lenders. Often senior-secured with financial covenants, offering attractive risk-adjusted income and downside protection.

Distressed Debt

Debt of companies facing financial hardship, restructuring, or bankruptcy, typically acquired at a discount. Investors aim for returns through operational turnaround or legal recovery. A distressed debt exchange occurs when a company offers new securities in place of existing obligations as an alternative to formal bankruptcy.

Diversification

Spreading investments across different assets to reduce risk. When one investment falls, others may hold steady or rise.

DPI (Distributions to Paid-in Multiple)

A ratio showing how much capital has been returned to investors relative to what they put in. A DPI above 100% means the fund has fully returned investors' capital.

Drawdown

In private markets, a drawdown refers to the process of a fund collecting committed capital from investors over time, also called a capital call. In public markets, 'drawdown' may refer to a decline in portfolio value.

Dry Powder

Uncommitted or uninvested capital a fund has available to deploy into new opportunities.

Due Diligence

A thorough review of a potential investment, covering the team, strategy, track record, risks, and market opportunity.

E

EBITDA

A measure of a company's operating profitability before accounting for interest, taxes, depreciation, and amortization. Commonly used to assess cash flow potential.

ERISA (Employee Retirement Income Security Act)

A federal law that sets minimum standards for private employer retirement and health benefit plans, overseen by the Department of Labor's Employee Benefits Security Administration. ERISA governs fiduciary responsibilities, participant rights, and disclosure requirements — a key regulatory framework for defined contribution plans.

ESG (Environmental, Social and Governance)

A framework used to evaluate investments based on non-financial factors, including a company's environmental impact, social practices, and corporate governance standards. ESG considerations are increasingly integrated into alternative investment strategies as both a risk management tool and a reflection of investor values.

Event-Driven Hedge Fund

A hedge fund that invests around corporate events — like mergers, bankruptcies, or spin-offs — to profit from resulting price movements.

Evergreen Fund

An open-ended private market fund structure that continuously raises capital and reinvests proceeds, rather than operating with a fixed life. Evergreen funds typically offer contractual liquidity (subject to limits) and aim to provide more flexible access to private markets than traditional closed-end funds. Some evergreen funds are structured as 3(c)(7) funds and are available only to qualified purchasers.

Exit

When a fund sells a portfolio company or asset, typically through a sale, IPO, or merger, to realize its return.

F

Feeder Fund

A vehicle that pools capital from multiple investors to access a larger underlying fund, often at a lower minimum investment than the fund requires directly.

Fixed Annuity

An annuity that provides guaranteed, fixed interest payments over a set period. Fixed annuities offer predictable income and principal protection, making them a lower-risk option for investors seeking stability.

Fixed Indexed Annuity (FIA)

An annuity whose interest is linked to the performance of a market index, such as the S&P 500, while protecting the investor's principal from market losses. FIAs offer a balance between growth potential and downside protection.

Floating-Rate Loan

A loan where the interest rate adjusts at regular intervals based on a reference rate (e.g., SOFR or Term SOFR). These loans typically include a minimum rate 'floor' to protect lender returns during low-rate environments.

Follow-on Investment

Additional capital invested in a company that has already received funding from the fund — common in venture capital across multiple rounds.

Fund

A pooled investment vehicle where the fund manager (GP) makes investment decisions on behalf of investors (LPs).

Fund Administrator

A third-party service provider that handles a fund's operational functions, including NAV calculations, investor reporting, capital call and distribution processing, and record-keeping.

Fund Family

A group of funds managed by the same firm using the same general strategy.

Fund-of-Funds

A fund that invests in other funds rather than directly in companies or assets. Offers diversification but typically adds an additional layer of fees.

Fund Term (Fund Life)

The expected lifespan of a fund, typically 10 years for private market funds, with options to extend.

Fundamental Investing: An approach where investment decisions are based on in-depth analysis of a company's financials, business model, and competitive position.

G

General Partner (GP)

The fund manager who controls investment decisions and operations. The GP has unlimited liability and is typically compensated through management fees and carried interest.

Gross Exposure

The total size of a fund's positions, combining both long and short holdings. Higher gross exposure generally means more market risk.

Gross Performance

Returns before fees and expenses are deducted. Always higher than net performance.

Growth Equity

Minority investments in established, high-growth companies that have demonstrated product-market fit and are seeking capital to scale. Typically focused on growth-driven returns rather than buyouts or financial leverage.

H

Hard Cap

The maximum amount a fund will raise. Once reached, the fund stops accepting new capital.

Harvesting Period

The later stage of a fund's life when the manager focuses on growing and exiting investments, and investors start receiving returns.

Hedge Fund

An actively managed investment fund that uses a range of strategies — including long/short positions, leverage, and derivatives — to generate returns in various market conditions.

High-Water Mark

The highest NAV an investor's account has reached. A manager can only charge performance fees again after surpassing this peak, ensuring investors aren't charged for recovering losses.

Hurdle Rate

Also called a Preferred Return, the minimum return a private fund must achieve before it can collect performance fees.

I

Illiquidity Premium

The additional return investors expect for committing capital to illiquid investments that can't be easily sold.

Income Rider

An optional feature added to an annuity contract that guarantees a minimum level of income, regardless of the underlying account's market performance. Income riders provide an additional layer of retirement income certainty.

Inflation Hedge

An investment expected to maintain or increase in value during periods of rising inflation. Real assets — such as real estate, infrastructure, and commodities — are commonly cited inflation hedges as their value and income tend to rise alongside prices.

Infrastructure

A real asset strategy that invests in essential physical systems such as transportation, utilities, energy pipelines, and communications. Infrastructure investments typically offer long-term contracted cash flows, low correlation to public markets, and natural inflation protection.

Insurance Dedicated Fund (IDF)

An investment fund available exclusively through certain insurance products, such as PPLI and PPVAs, that can provide access to traditional and alternative investment strategies.

Interval Fund

A registered closed-end fund that offers periodic liquidity, typically quarterly, through share repurchase programs rather than daily trading. Interval funds can invest in less liquid assets, including private credit and private real estate.

Investment Period

The early phase of a private fund's life (typically 3–6 years) when the manager actively sources and makes new investments.

IRR (Internal Rate of Return)

A measure of a fund's annualized return that accounts for the timing of capital contributions and distributions. Because investments that return capital sooner generally produce a higher IRR, it is commonly used in private markets to evaluate performance over time.

J

J-Curve

The pattern of returns common in private market funds — negative in early years due to fees and unrealized investments, turning positive as investments mature and are exited.

K

Key Person Provision

A clause that outlines what happens if a key fund manager leaves or becomes unable to manage the fund, giving investors protection and options.

L

LBO (Leveraged Buyout)

The acquisition of a company primarily using borrowed money. The debt is typically repaid using the acquired company's cash flows.

Leverage

Using borrowed money to increase the size of an investment position, amplifying both potential gains and losses.

Limited Partner (LP)

An investor in a private fund who provides capital but has no role in managing the fund. Their liability is limited to the amount they invest.

Limited Partner Advisory Committee (LPAC)

A committee of fund investors that advises the fund manager on governance matters such as conflicts of interest, valuations, and fund extensions.

Limited Partnership

The legal structure most alternative funds use, pairing a GP (manager) with LPs (investors).

Liquid Alternatives

Alternative strategies packaged in mutual funds or ETFs. Provide hedge fund-like exposure with daily liquidity and lower investment minimums.

Liquidity

How easily an investment can be sold or converted to cash without a significant loss in value. Public stocks are highly liquid, while private market investments (like private equity or real estate funds) are often illiquid and may require years before investors receive distributions or can exit.

Liquidity Cap (Gate)

A contractual provision that limits the amount of capital investors can redeem from a fund during a given period, typically expressed as a percentage of the fund's total assets. Liquidity caps help ensure orderly redemptions and protect remaining investors from forced asset sales.

Loan-to-Value Ratio (LTV)

A measure of leverage calculated by dividing the loan amount by the appraised value of the underlying asset. Commonly used in real estate and private credit to assess collateral protection — a lower LTV generally indicates less risk.

Lock-up Period

A set period when investors cannot redeem or sell their fund investment. Common in hedge funds and private market strategies to allow long-term capital deployment.

Long/Short Equity Hedge Fund

A hedge fund that takes long positions in securities expected to rise and short positions in securities expected to fall. Can be used to manage market exposure.

LP-Led Secondary

A secondary market transaction in which an existing limited partner sells their fund interest to another investor before the fund's end of life. Provides liquidity to sellers while giving buyers access to more mature, visible portfolios. See also: Secondaries Strategy.

M

Macro Hedge Fund

A hedge fund that invests across global markets — equities, bonds, currencies, and commodities — based on macroeconomic and policy trends.

Managed Futures

An alternative investment strategy that trades futures contracts across commodities, currencies, interest rates, and equities. Often using systematic or trend-following approaches, managed futures have historically offered diversification benefits due to their low correlation with stocks and bonds.

Management Fee

An ongoing fee paid to the fund manager for running the fund, typically calculated as a percentage of committed or invested capital.

Market-Neutral Strategies

Investment approaches designed to minimize market risk by taking offsetting long and short positions. Market-neutral strategies focus on generating returns independent of overall market movements.

Mezzanine Debt

Subordinated debt that sits between senior debt and equity in a company's capital structure, often including equity participation features such as warrants. Used by companies seeking flexible capital for growth, acquisitions, or recapitalizations.

Middle Market

A segment of businesses with annual revenues typically between \$10 million and \$1 billion. These companies are key borrowers in private credit, particularly direct lending strategies.

Minimum Capital Commitment

The smallest amount an investor can commit to a fund, as defined in the fund's legal documents.

MOIC (Multiple of Invested Capital / TVPI (Total Value to Paid-In Capital))

A measure of total investment value (both realized and unrealized) relative to the capital that has been invested, rather than total committed capital. A MOIC of 2x means the fund has generated twice what investors have invested.

Multi-strategy Hedge Fund

A hedge fund that allocates across multiple strategies and asset classes, providing built-in diversification within a single fund.

N

NAV (Net Asset Value)

The per-share or per-unit value of a fund, calculated by subtracting liabilities from assets and dividing by outstanding shares or units. NAV is used to price investor subscriptions and redemptions.

Net Exposure

The difference between a fund's long and short positions. Lower net exposure means less directional market risk.

Net Operating Income (NOI)

The annual income generated by a real estate asset after operating expenses are deducted, but before debt service and taxes. NOI is a key metric used to assess the profitability and value of a property, and is the basis for cap rate calculations.

Net Performance

Returns after fees, expenses, and carried interest. This is what investors actually receive.

O

Opportunistic Real Estate Strategy

Investments in properties requiring significant development, repositioning, or operational improvement. Opportunistic real estate strategies pursue higher returns through active asset management and risk-taking.

Opportunity Zone (QOZ)

A Qualified Opportunity Zone is a designated economically distressed area where investors may receive certain tax benefits by investing through Opportunity Zone funds. Established under the Tax Cuts and Jobs Act of 2017.

P

Participation Rate

The percentage of an underlying index's gains that an investor receives in a structured product or fixed indexed annuity. For example, a 90% participation rate means the investor captures 90 cents of every dollar of index growth.

Percent Called

The percentage of an investor's total commitment that has been drawn down by the fund.

PIC (Paid-In Capital): The total amount of capital investors have actually transferred to the fund in response to capital calls.

PME (Public Market Equivalent)

A calculation used to compare a private fund's returns to what would have been earned in a public index over the same period.

Preferred Return

The minimum return investors must receive before the fund manager earns carried interest. Acts as a performance threshold. Also referred to as a hurdle rate.

Principal Protection

A feature of certain structured investments that guarantees the return of some or all of an investor's initial capital at maturity, regardless of the performance of the underlying asset. The degree of protection varies by product.

Prime Broker

A financial institution, typically a large bank or broker-dealer, that provides services to hedge funds, including securities lending, trade execution, financing, and custody.

Private Capital

A broad category of privately held investments, including private equity, private credit, venture capital, real estate, and infrastructure. Private capital investments typically have longer time horizons and limited liquidity.

Private Credit

Loans made by non-bank lenders to private companies. Includes direct lending, mezzanine, distressed, and asset-based lending, and is often used to generate income and diversify portfolios.

Private Debt

A form of private capital in which non-bank lenders provide financing to companies or projects outside of public markets. Often used interchangeably with private credit. See also Private Credit.

Private Equity

Investing in private companies, often to help them grow or improve. Includes buyouts, growth capital, and more. Private equity funds pool investor capital to invest in private or public companies with the goal of creating value. Investors aim to exit through a sale or IPO.

Private Markets

Investments made in non-public companies or assets, including private equity, private credit, and private real estate. These markets are typically accessed through private funds and are not traded on public exchanges.

Private Placement Life Insurance (PPLI)

A life insurance policy for high-net-worth investors that combines a death benefit with access to a broad range of investment options, including alternative investments.

Private Placement Variable Annuity (PPVA)

A variable annuity for high-net-worth investors that provides access to a broad range of investment options, including alternative investments, with tax-deferred growth.

Private Real Estate Fund

An actively managed fund that pools investor capital and generates returns by investing in the equity and debt of real estate assets.

Public Non-traded REIT

A real estate investment vehicle regulated by the SEC but not traded on a public exchange. Investors gain real estate exposure without daily market pricing.

Q

Qualified Client

An investor classification that includes, but is not limited to, (i) any natural person with a net worth, or joint net worth with that person's spouse or spousal equivalent, of at least \$2.72M, excluding their primary residency; (ii) a natural person who, or a company that, immediately after entering into an investment advisory contract has at least \$1.41M under the management of the investment adviser; and (iii) any investor that meets the definition of a Qualified Purchaser. For the full definition, please see Rule 205-3 of the Investment Advisers Act of 1940.

Qualified Opportunity Zone (QOZ)

See Opportunity Zone (QOZ).

Qualified Purchaser

An investor who owns at least \$5 million in investments (excluding a primary residence). Qualified purchaser status provides access to a broader range of private investment funds than is available to accredited investors alone.

R

Real Asset Strategy

Tangible assets such as real estate, infrastructure, commodities, and natural resources. Real asset strategies seek inflation protection and diversification through physical holdings.

Real Estate Debt

Loans backed by income-producing or development-stage real estate assets. Includes bridge loans, construction loans, and mezzanine real estate debt. Real estate debt strategies aim to generate yield with downside protection, secured by tangible collateral.

Real Estate Investment Trust (REIT)

A company that owns income-producing real estate. REITs allow investors to access real estate returns without directly owning property.

Realized Value

The value from investments that have been sold or generated income, such as dividends or interest. It reflects actual returns captured by the fund.

Recallable Distribution

A distribution returned to investors that the fund manager has the right to call back if needed for future investments or expenses.

Registered Index-Linked Annuity (RILA)

A type of annuity that offers returns linked to a market index with partial downside protection through a defined buffer or floor. RILAs allow investors to participate in market upside while limiting — but not fully eliminating — potential losses.

RVPI (Residual Value to Paid-in Capital)

The value of a fund's remaining unrealized investments relative to what investors have paid in.

S

Schedule K-1

A tax form issued to fund investors showing their share of a fund's income, gains, losses, deductions, and credits. Schedule K-1s often arrive after the standard April tax filing deadline. Some evergreen funds issue a simplified K-1, which is typically delivered earlier and features more streamlined reporting.

SEC (Securities and Exchange Commission)

The U.S. federal agency responsible for regulating the securities markets and protecting investors. The SEC oversees the registration and disclosure requirements for public investment vehicles and enforces securities laws across the financial industry.

Secondaries Strategy

Buying existing interests in private market funds from other investors, rather than committing to a new fund. Provides exposure to more mature portfolios.

Separately Managed Account (SMA)

A professionally managed investment portfolio held directly in an investor's name, rather than pooled with other investors in a fund. In the context of alternatives, SMAs are often used by larger investors seeking customized exposure, greater transparency, and direct ownership of underlying assets.

Sharpe Ratio

A measure of risk-adjusted return that evaluates how much excess return an investment generates for each unit of risk taken. Generally, a higher Sharpe Ratio indicates better risk-adjusted performance.

Short Selling

Borrowing and selling a security with the expectation of buying it back at a lower price. Used to profit from price declines or hedge portfolio risk.

Special Situations

Opportunistic investments in companies undergoing major transitions, such as restructurings, spin-offs, or regulatory changes. Seeks to capitalize on mispriced assets or temporary dislocations through flexible capital and active involvement.

Standard Deviation

A measure of how much a fund's returns vary from its average. Higher standard deviation = more volatility = more risk.

Structured Investments

Investment products that combine traditional securities with derivatives to create a customized risk-return profile. They may offer features such as principal protection, enhanced income, or defined market exposure.

Subscription

The process of formally committing to invest in a fund, including submitting documents and meeting eligibility requirements.

Subsequent Closing Interest

A fee paid by investors who join a fund after its first close, compensating early investors for capital already deployed.

Surrender Period

The period of time during which an investor may face a penalty — known as a surrender charge — for withdrawing funds from an annuity contract. Surrender periods typically range from 3 to 10 years and decrease over time.

T

Target Size

The amount of capital a fund manager aims to raise for a fund.

Target Date Fund

A fund commonly used in defined contribution plans that automatically shifts its asset allocation from growth-oriented to more conservative investments as the investor approaches a target retirement date. Often used as the default investment option for new employees automatically enrolled into the plan.

Tax-Deferred Growth

A feature of annuities and certain retirement accounts whereby investment gains are not subject to taxes until funds are withdrawn. Tax deferral allows returns to compound more efficiently over time.

Tender Offer Fund

A type of closed-end fund that provides limited liquidity through periodic tender offers, during which the fund offers to repurchase a set percentage of shares at NAV. Commonly used to provide access to alternative strategies within retirement plan structures.

U

Unrealized Value

The estimated value of a fund's current investments that have not yet been sold. It represents potential future returns but is not yet realized as cash.

V

Value-Add Real Estate

Properties with potential for value enhancement through renovation, leasing, or repositioning. Targets returns between core and opportunistic by actively improving assets.

Variable Annuity

An annuity whose returns are tied to the performance of underlying investment options, typically mutual fund-like subaccounts. Variable annuities offer growth potential but carry more risk than fixed annuities, as returns fluctuate with market performance.

Venture Capital

Investing in startup and emerging companies with high growth potential, often through multiple funding rounds as a business develops. Typically higher risk and higher potential return than traditional private equity.

Vintage Year

The year a fund makes its first investment. Used to compare funds launched in the same market environment.



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