

# LONG & SHORT INVESTMENT

## What is Long & Short Investment

**Long-short investment** is a flexible and actively managed strategy used primarily by hedge funds and institutional investors. It involves buying (going long) assets expected to rise in value and selling (going short) assets expected to decline in value. This strategy is designed to generate positive returns regardless of overall market direction.

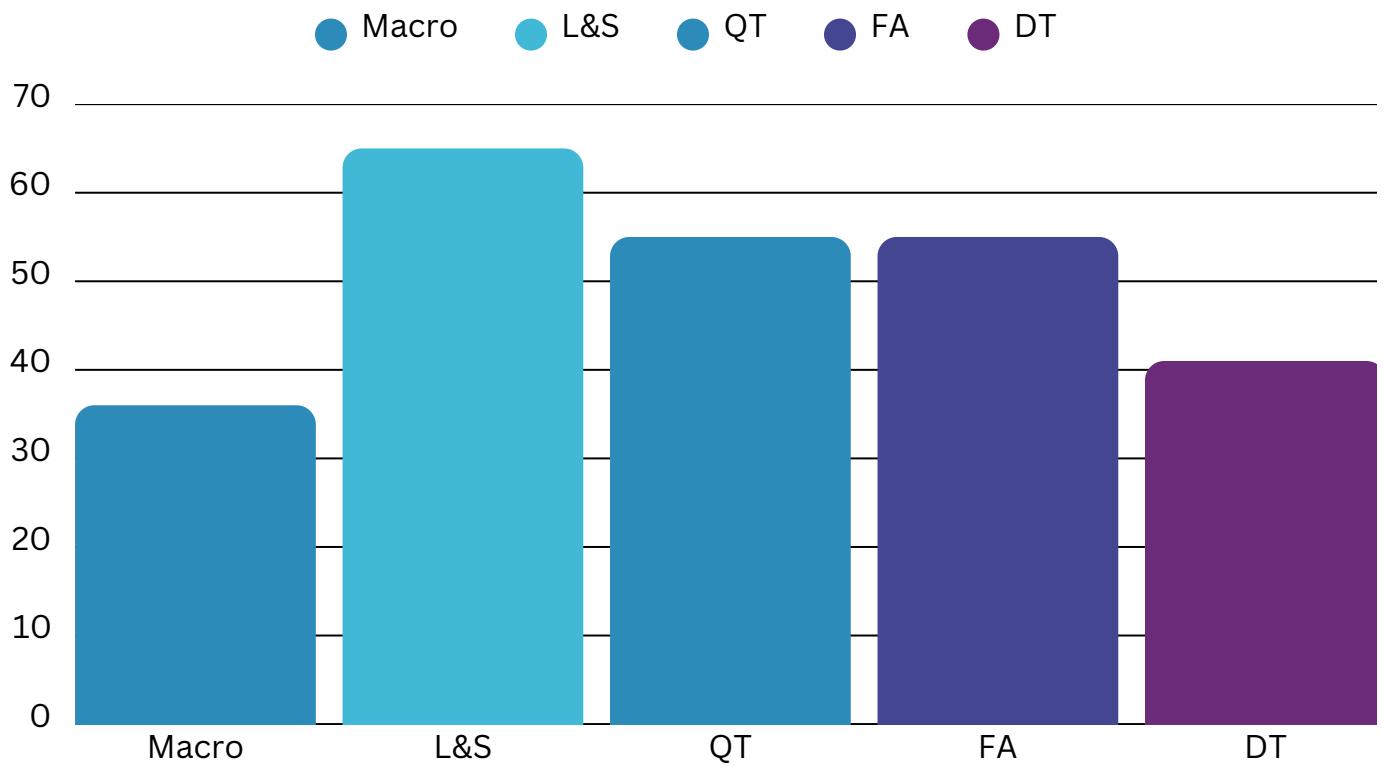
It's not just about betting on winners—it's also about profiting from losers, making this approach **market neutral** or **directionally hedged** in many cases.

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## Things you should know before investing

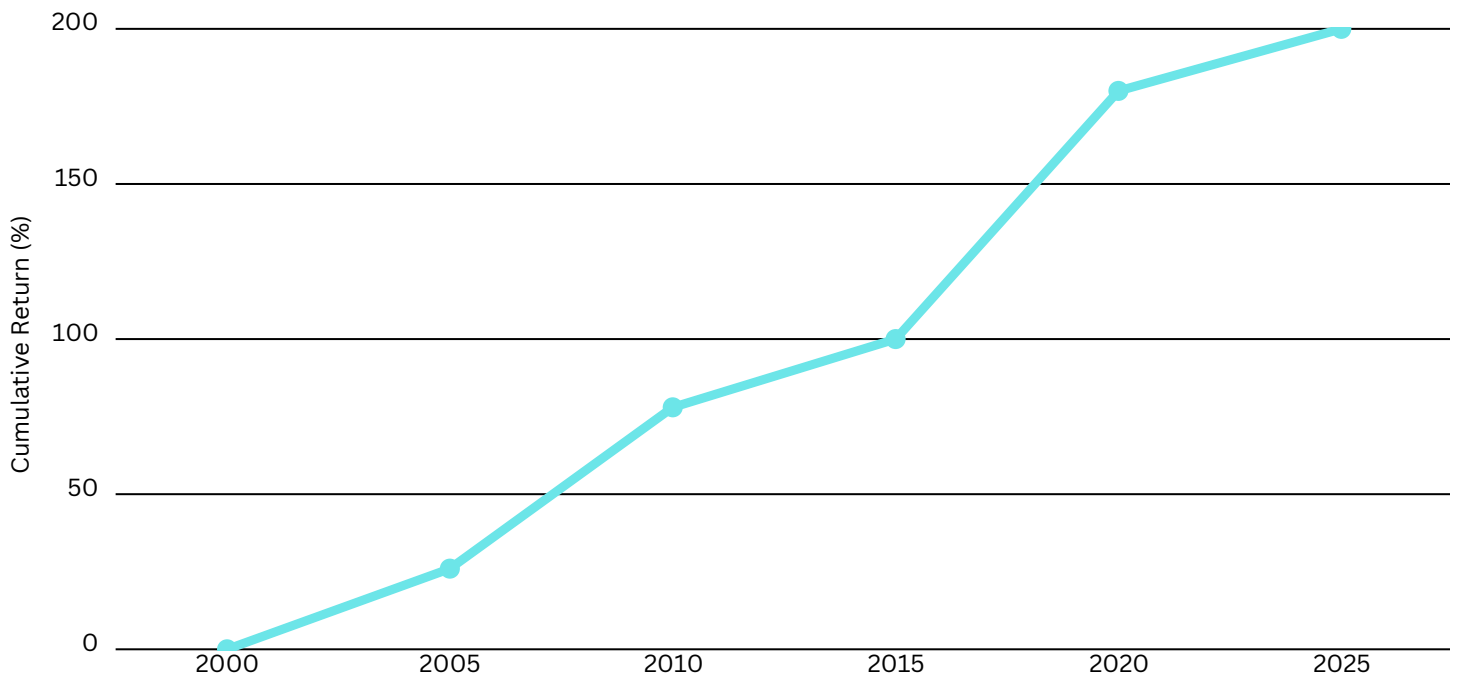
Before investing in a long-short strategy, it's crucial to understand both its complexity and potential. Unlike traditional investing, which relies only on buying assets with the hope they'll rise in value, long-short investing involves taking long positions in undervalued assets and short positions in overvalued or declining ones. This means you must be skilled at evaluating not only strong opportunities but also identifying weak or overhyped assets. It's important to know how short selling works, including the risks of borrowing shares and the potential for unlimited losses if the price of the shorted asset rises unexpectedly. You should also have a solid grasp of market trends, sector correlations, and macroeconomic indicators, as they can directly affect both sides of your portfolio. Moreover, long-short strategies often require frequent monitoring, quick decision-making, and disciplined risk management. Emotional control is essential, as market volatility can trigger both overconfidence and panic. Lastly, be aware of costs such as borrowing fees, taxes, and trading commissions, all of which can affect your net returns. Only invest in long-short strategies if you have a strong understanding of the markets or are working with experienced professionals.

## Investment Made by Top Firms Hedge Funds



Funds raised: 1,700,000,000,000

Long-Short Hedge Fund AUM (2000-2025)



# Factors to Consider

Things You Should Consider Before Investing in Long&Short Investment Before allocating capital to Long & Short strategies, it's crucial to understand the unique characteristics, risks, and requirements associated with this approach.

✓ **Profit in any market condition** – Long-short strategies allow investors to earn returns in both rising and falling markets by holding both bullish (long) and bearish (short) positions.

✓ **Risk reduction through hedging** – Short positions can offset losses from long holdings, helping to manage volatility and protect against market downturns.

✓ **Higher return potential (alpha generation)** – Skilled investors can outperform the market by identifying mispriced assets to long or short, aiming for above-average returns.

✓ **Portfolio diversification** – Adding a long-short strategy helps reduce dependence on market direction, leading to a more balanced and resilient portfolio.

✓ **Tactical flexibility** – Investors can respond quickly to changing market conditions, economic trends, or company news, making it a highly adaptable approach.

⚠ **Unlimited risk on short positions** – If a shorted asset's price rises sharply, potential losses can exceed the original investment, making risk management essential.

⚠ **Higher transaction costs** – Frequent trading and borrowing securities to short can lead to increased fees, including margin interest and broker commissions, which reduce net returns.

⚠ **Requires advanced skill and research** – Successfully identifying both undervalued (long) and overvalued (short) opportunities demands deep analysis and experience, making it unsuitable for beginners.

# Step-by-Step Breakdown

- **Initial Capital** ₹1,00,000
- **Strategy** Long-Short Investment Strategy based on sector and stock selection
- **Timeframe** 12 months (Jan 2024 – Jan 2025)
- **Final Return** ₹1,12,000 (12% ROI)

## ✓ 1. Market Analysis by Ackerman Group

In January 2024, the Ackerman Group's research team conducted a detailed sectoral and company-level analysis. Their insights included:

- A bullish outlook on the **renewable energy** sector, supported by favorable government policies and corporate earnings
- A negative forecast for certain **legacy telecom firms** struggling with debt and declining subscriber growth

## ✓ 2. Investment Allocation

Position Type	Asset	Amount Invested	Rationale
Long Position	GreenVolt Renewables Ltd	₹60,000	Strong earnings, policy tailwinds
Short Position	ConnectTel Telecom Ltd	₹40,000	Weak balance sheet, declining market share

## 📈 Performance After 12 Months (Jan 2025)

Investment	Return %	Final Value
Long: GreenVolt Ltd	+20%	₹72,000
Short: ConnectTel Ltd	+10% (gain from price drop)	₹44,000
Total Portfolio Value	—	₹1,12,000

- **Profit Made** ₹12,000 Return on
- **Investment (ROI)** +12%

# Conclusion

## 🙏 Thank You for Visiting

Thank you for taking the time to visit this page and explore the fundamentals of **Long & Short Investment**. We hope it provided you with valuable insights into how combining long and short positions can help navigate different market conditions with greater precision and flexibility.

At **Ackerman Group**, we believe that informed investing is the foundation of long-term success. Whether you're a seasoned investor or just beginning your financial journey, understanding long-short strategies can empower you to manage risk effectively, uncover unique opportunities, and build a more resilient, performance-driven portfolio.

✉️ **If you have questions or are considering applying Long-Short to your investments, feel free to contact us.** Our team is here to guide you with research-driven insights and practical solutions tailored to your goals.

**Invest wisely. Stay informed. Grow globally.**



**Example given on Page 4:-Is merely an illustrative example and has not been tested or applied in real markets. It is shared solely to help you understand the concept using simplified logic and easy calculations**