

Pine Street Capital

Introduction

The Pine Street Capital case is on the subject of a convertible bond arbitrage strategy in the hedge fund environment. Pine Street Capital which is a hedge fund has used a strategy that focuses on arbitraging of convert bond. The subject matter of the case includes the ability to identify prospects for investments, measure risks, and evaluate historical and potential portfolios.

Convertible Bond

Consequently, Pine Street Capital mainly employs a convertible bond arbitrage strategy. Convertible bonds are essentially securities that have the characteristic of both a bond and a stock. The strategy focuses on the purchasing convertible bonds at the same time when the market is being short on the underlying stock.

Risk Management

An important element of the case is the presence of the fund which regulating risk. Actually, Pine Street Capital manages its positions with the help of a delta-neutral strategy. This way the performance of the fund is doing is less affected by the oscillations occurring in the stock market.

Conclusion

From the management of this hedge fund it is clear that the convertible bond arbitrage is not a simple affair. As such, its success involves selecting high quality opportunities, while exercising proper risk control and management of hedges and other types of risk.

Recommendation

This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

Resource: visit thecasesolution.com for detailed analysis and more case studies.