

Alternative Investments

Module 1: Alternative Investments

- 1 Learning how to differentiate between an open-end and a closed-end fund, and explain how the net asset value of a fund is calculated, as well as the nature of fees charged by investment companies.
- 2 Learning how to distinguish between style, sector, index, global, and stable value strategies in equity investment and among exchange-traded funds (ETFs), traditional mutual funds and closed-end funds.
- 3 Learning how to explain the advantages and risks of ETFs.
- 4 Learning how to describe the forms of real estate investment, and explain their characteristics as an investable asset class.
- 5 Learning how to describe the various approaches to the valuation of real estate.
- 6 Learning how to calculate the net operating income (NOI) from a real estate investment, the value of a property using the sales comparison and income approaches as well as after tax cash flows, net present value and yield of a real estate investment.
- 7 Learning how to explain the stages in venture capital investing, venture capital investment characteristics, and challenges to venture capital valuation and performance measurement.
- 8 Learning how to calculate the net present value (NPV) of a venture capital project, given the project's possible payoff and conditional failure probabilities.
- 9 Learning the objectives, legal structure and fee structures typical of hedge funds, and the various classifications of hedge funds.
- 10 Learning how to explain the benefits and drawbacks to fund of funds investing.
- 11 Learning the leverage and unique risks of hedge funds.

- 12 Learning to discuss the performance of hedge funds, the biases present in hedge fund performance measurement, as well as explain the effect of survivorship bias on the reported return and risk measures for a hedge fund database.
- 13 Learning how the legal environment affects the valuation of closely held companies.
- 14 Learning how to describe alternative valuation methods for closely held companies, and distinguishing among the bases for the discounts and premiums for these companies.
- 15 Learning to discuss distressed securities investing, and compare venture capital investing with distressed securities investing.
- 16 Learning the role of commodities as a vehicle for investing in production and consumption.
- 17 Learning to explain the motivation for investing in commodities, commodities derivatives and commodity-linked securities.
- 18 Learning the sources of return on a collateralized commodity futures position.

Module 2: Investing in Commodities

- 1 Learning how to explain the relationship between spot prices and expected future prices in terms of contango and backwardation.
- 2 Learning how to describe the sources of return and risk for a commodity investment, and the effect on a portfolio of adding an allocation to commodities.
- 3 Learning how to explain why a commodity index strategy is generally considered an active investment.