

Question #1 of 18

Question ID: 1577979

An alternative investment fund's term sheet describes its:

- A) fee structure and investor requirements.
 - B) fee structure and management biographies.
 - C) management biographies and investor requirements.
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Question #2 of 18

Question ID: 1574519

Compared to traditional investments, alternative investments are *most likely* to be more:

- A) transparent.
 - B) leveraged.
 - C) liquid.
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Question #3 of 18

Question ID: 1577977

Robert Aaron would like to start investing a relatively small amount of capital into commercial real estate, and diversification among these investments is important to him. Which investment method is Aaron *most likely* to use?

- A) Direct investing.
 - B) Co-investing.
 - C) Fund investing.
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Question #4 of 18

Question ID: 1577976

Which of the following is a challenge that alternative investments have?

- A) Same information between managers and investors.

- B) High correlation with traditional investments.
 - C) Little availability of performance information.
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Question #5 of 18

Question ID: 1574520

Alternative investments *most likely* have which of the following characteristics compared to traditional investments?

- A) Unique legal structures and tax treatments.
 - B) Higher levels of regulation and transparency.
 - C) Lower leverage and higher liquidity.
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Question ID: 1574523

Victrix is a hedge fund that has a 3-and-15 fee structure. Compared to hedge funds with 2-and-20 fee structures, Victrix charges higher:

- A) management fees.
 - B) redemption fees.
 - C) incentive fees.
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The *most likely* perceived benefit of alternative investments is:

- A) accessibility.
 - B) diversification.
 - C) liquidity.
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Question #8 of 18

Question ID: 1574524

Hedge fund management fees are *most* commonly structured as a percentage of:

- A)** invested capital.
 - B)** assets under management.
 - C)** committed capital.
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Question ID: 1577982

An alternative investment fund generated an 18% return during 20X2. The manager has a 20% performance fee, subject to an 8% soft hurdle rate and a catch-up clause. What performance fee did the manager earn for 20X2?

- A)** 3.6%.
 - B)** 3.2%.
 - C)** 2.0%.
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What is another name for a performance fee paid by investors in alternative investment funds?

- A)** Preferred return.
 - B)** Management fee.
 - C)** Carried interest.
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Question #11 of 18

Question ID: 1574526

A private equity provision that requires managers to return any periodic incentive fees resulting in investors receiving less than 80% of profits is a:

- A)** high water mark.
- B)** drawdown.
- C)** clawback.

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Question ID: 1574522

In a 2-and-20 hedge fund fee structure, the "2" refers to a hedge fund's:

- A)** hurdle rate.
 - B)** incentive fee.
 - C)** management fee.
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Question ID: 1574525

Which private capital fund waterfall structure involves distributing profits as each investment is sold and subsequently shared according to the partnership agreement?

- A)** Deal-by-deal waterfall.
 - B)** European waterfall.
 - C)** Whole-of-fund waterfall.
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Which alternative investment incentive fee feature is *most likely* to benefit the manager?

- A)** High-water mark.
 - B)** Clawback provision.
 - C)** Catch-up clause.
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Question #15 of 18

Question ID: 1577978

Compared to fund investing, direct investing *most likely* has:

- A)** more diversification.
- B)** lower investment amounts.

C) lower fees.

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Question ID: 1574518

Compared to a traditional mutual fund, a hedge fund is *more likely* to feature:

- A)** lower leverage.
 - B)** higher fees.
 - C)** higher liquidity.
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Question ID: 1574521

When compared to traditional investments, alternative investments are characterized by:

- A)** less concentrated portfolios.
 - B)** less liquidity of assets held.
 - C)** more regulation and transparency.
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In the context of alternative investments, an investor has the most control over an asset through:

- A)** direct investing.
- B)** fund investing.
- C)** co-investing.