

Question 1 of 200

A seasoned manager of a large hedge fund is planning to launch a '40 Act fund at the beginning of May. The fund adheres to applicable regulations, including the illiquidity threshold. Which of the following most likely applies to this fund?

- A. It satisfies redemption requests within ten days.
- B. It only charges a small performance-based fee.
- C. It may have exposure to illiquidity risk.
- D. It borrows subject to 200% asset coverage.

Question 2 of 200

Which of the following statements regarding investment vehicles that invest as limited partners in several private equity (PE) funds are true?

- I. They are always costlier than in-house PE programs due to the additional layer of management fees and carried interest.
- II. They generally require a larger minimum investment than required by PE funds.
- III. They provide inexperienced investors convenient access to PE investing expertise and resources.
- IV. They limit investor access to general partners of PE funds.

- A. I and III only
- B. III and IV only
- C. II and IV only
- D. II, III, and IV only

Question 3 of 200

A private equity fund of funds charges an annual management fee of 1.2% on committed capital and a 13% carried interest with a hurdle rate of 10%. A pension plan intends to commit \$110 million to a 13-year investment in the fund of funds with an expected IRR of 13.7% over the holding period. Which of the following comes closest to the total fee paid to the fund of funds' general partner from this investment?

- A. \$51.34 million
- B. \$66.86 million
- C. \$70.17 million
- D. \$76.53 million

Question 4 of 200

Which of the following is NOT generally attributed to the growth in global demand for agricultural products?

- A. more disposable income
 - B. reduced global production of biofuels
 - C. increased global population
 - D. increased demand for animal feed grains
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Question 5 of 200

In a strong economy, the cost of improving a plot of land is \$220,000 and the resulting value of the improved property is \$600,000. If the economy slides downwards, the cost of improving the land is \$40,000. In this state, the value of the improved property is only \$70,000. Given that comparable improved properties currently sell for \$320,000, which of the following comes closest to the value of the up risk-neutral probability and the value of the land as a call option, assuming a 0% risk-free rate?

- A. 32%; \$125,040
 - B. 32%; \$142,000
 - C. 47%; \$176,109
 - D. 47%; \$195,095
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