

CFA Space

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Academy of Professional Finance 专业金融学院

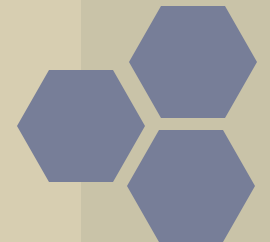


CFA Level II

Alternative Investments

Introduction

CFA Lecturer: Jiahao Gu

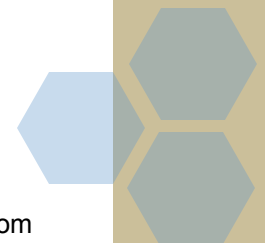




Weight of Alternative Investments

Topic Area	Level I	Level II	Level III
Ethical and Professional Standards	15	10-15	10-15
Quantitative Methods	12	5-10	0
Economics for Valuation	10	5-10	5-15
Financial Reporting and Analysis	20	15-20	0
Corporate Finance	7	5-15	0
Equity Investments	10	15-25	5-15
Fixed Income	10	10-20	10-20
Derivatives	5	5-15	5-15
Alternative Investments	4	5-10	5-15
Portfolio Management	7	5-10	40-55
Total	100	100	100

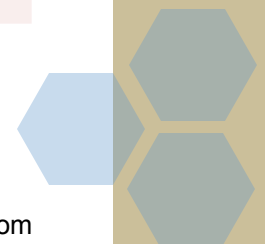
Data Source: CFAInstitute.org





Overview

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Overview of LOS

Private Real Estate Investments

1. Classify and describe basic forms of real estate investments
2. Describe the characteristics, the classification and basic segments of real estate
3. Explain the role in portfolio, economic value determinants, investment characteristics, and principal risks of private real estate
4. Describe commercial property types, including their distinctive investment characteristics
5. Compare the income, cost, and sales comparison approaches to valuing real estate properties
6. Estimate and interpret the inputs to the direct capitalization and discounted cash flow valuation methods
7. Calculate the value of a property using the direct capitalization and discounted cash flow valuation methods



Overview of LOS

Private Real Estate Investments

8. Compare the direct capitalization and discounted cash flow valuation methods

9. Calculate the value of a property using the cost and sales comparison approaches

10. Describe due diligence in private equity real estate investment

11. Discuss private equity real estate investment indices, including their construction and potential biases

12. Explain the role in a portfolio, the major economic value determinants, investment characteristics, principal risks, and due diligence of private real estate debt investment

13. Calculate and interpret financial ratios used to analyze and evaluate private real estate investments



Overview of LOS

Publicly Traded Real Estate Securities

1. Describe types of publicly traded real estate securities
2. Explain advantages and disadvantages of investing in real estate through publicly traded securities
3. Explain economic value determinants, investment characteristics, principal risks, and due diligence considerations for REIT shares
4. Describe types of REITs
5. Justify the use of net asset value per share in REIT valuation and estimate NAVPS based on forecasted cash net operating income
6. Describe the use of funds from operations (FFO) and adjusted funds from operations (AFFO) in REIT valuation
7. Compare the net asset value, relative value, and discounted cash flow approaches to REIT valuation
8. Calculate the value of a REIT share using net asset value, price-to-FFO and price-to-AFFO, and discounted cash flow approaches



Overview of LOS

Private Equity Valuation

1. Explain sources of value creation in private equity
2. Explain how private equity firms align their interests with those of the managers of portfolio companies
3. Distinguish between the characteristics of buyout and venture capital investments
4. Describe valuation issues in buyout and venture capital transactions
5. Explain alternative exit routes in private equity and their impact on value
6. Explain private equity fund structures, terms, valuation, and due diligence in the context of an analysis of private equity fund returns
7. Explain risks and costs of investing in private equity
8. Interpret and compare financial performance of private equity funds from the perspective of an investor



Overview of LOS

Private Equity Valuation

9. Calculate management fees, carried interest, net asset value, distributed to paid in (DPI), residual value to paid in (RVPI), and total value to paid in (TVPI) of a private equity fund

10. Calculate pre-money valuation, post-money valuation, ownership fraction, and price per share applying the venture capital method 1) with single and multiple financing rounds and 2) in terms of IRR

11. Demonstrate alternative methods to account for risk in venture capital



Overview of LOS

A Primer on Commodity Investing

1. Describe types of market participants in commodity futures markets
2. Explain storability and renewability in the context of commodities and determine whether a commodity is storable and renewable
3. Explain the convenience yield and how it relates to the stock (inventory level) of a commodity
4. Distinguish among capital assets, store-of-value assets, and consumable or transferable assets and explain implications for valuation
5. Compare ways of participating in commodity markets, including advantages and disadvantages of each
6. Explain backwardation and contango in terms of spot and futures prices



Overview of LOS

A Primer on Commodity Investing

7. Describe the components of return to a commodity futures and a portfolio of commodity futures

8. Explain how the sign of the roll return depends on the term structure of futures prices

9. Compare the insurance perspective, the hedging pressure hypothesis, and the theory of storage and their implications for futures prices and expected future spot prices

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Thank You!

