

2025 Level III Private Markets Pathway Topic Outlines

Private Markets Pathway

LEARNING OUTCOMES

Private Investments and Structures

The candidate should be able to:

- contrast the features of private and public investments, and discuss characteristics of private and public markets
- discuss private investment methods and structures and their uses
- discuss the difference between public and private market performance, and calculate, interpret, and discuss the use of performance metrics including distributed to paid-in, residual value to paid-in, and total value to paid-in
- compare the risk and return of investing in private markets and public markets as part of a strategic asset allocation

General Partner and Investor Perspectives and the Investment Process

The candidate should be able to:

- discuss a general partner's roles and responsibilities in managing private investment funds
- discuss how private investment firms align their interests with those of their investors, and calculate, interpret, and discuss private market fund performance from an investor perspective, including management fees and carried interest
- discuss favorable characteristics of private investment targets and sources of value creation in private markets
- discuss the role of conducting due diligence and establishing a business plan in the private investment process
- discuss alternative exit routes in private investments and their impact on value

Private Equity*The candidate should be able to:*

- discuss private equity strategies over the company life cycle
- discuss characteristics of venture capital and growth equity investments
- discuss characteristics of buyout equity investments
- estimate and interpret key inputs and calculate the value of a private equity investment for venture capital, growth equity, and buyout situations
- discuss the risk and return among private equity investments as well as versus other investments as part of a strategic asset allocation

Private Debt*The candidate should be able to:*

- discuss the use of debt financing in private market strategies over the investment life cycle
- discuss the use of leveraged loans, high-yield bonds, and convertible bonds in private market strategies
- contrast the use of mezzanine debt and unitranche debt in private market strategies;
- analyze private debt profiles and calculate and interpret financial ratios used to value private debt investments
- discuss the risk and return among private debt investments as well as versus other private market investments as part of a strategic asset allocation

Private Special Situations*The candidate should be able to:*

- discuss the characteristics and risks of special investment situations
- discuss the features of distressed debt, financing alternatives for issuers in financial distress, and investment strategies in distressed situations
- discuss the features of complex investment situations involving financial dislocation or stress
- discuss the due diligence and valuation processes used to evaluate special investment situations
- discuss the risk and return among special situations and compared to other forms of private debt as part of a strategic asset allocation

Private Real Estate Investments*The candidate should be able to:*

- discuss important private real estate investment features
- discuss economic value drivers of private real estate investments and their role in a portfolio
- discuss the due diligence and valuation processes for private real estate
- discuss the distinctive investment characteristics of timberland and farmland
- discuss the risk and return among private real estate investments and as compared to other investments as part of a strategic asset allocation

Infrastructure*The candidate should be able to:*

- discuss important infrastructure investment features
- discuss infrastructure investment methods and investment vehicles and their uses

- discuss the infrastructure investment process over the project life cycle and the roles of infrastructure debt and equity financing
- discuss the due diligence and valuation processes for infrastructure investments
- discuss the risk and return among infrastructure investments and as compared to other investments as part of a strategic asset allocation