

2024 Level III Topic Outlines

Alternative Investments

LEARNING OUTCOMES

Hedge Fund Strategies

The candidate should be able to:

- discuss how hedge fund strategies may be classified
- discuss investment characteristics, strategy implementation, and role in a portfolio of equity-related hedge fund strategies
- discuss investment characteristics, strategy implementation, and role in a portfolio of event-driven hedge fund strategies
- discuss investment characteristics, strategy implementation, and role in a portfolio of relative value hedge fund strategies
- discuss investment characteristics, strategy implementation, and role in a portfolio of opportunistic hedge fund strategies
- discuss investment characteristics, strategy implementation, and role in a portfolio of specialist hedge fund strategies
- discuss investment characteristics, strategy implementation, and role in a portfolio of multi-manager hedge fund strategies
- evaluate the impact of an allocation to a hedge fund strategy in a traditional investment portfolio

Asset Allocation to Alternative Investments

The candidate should be able to:

- explain the roles that alternative investments play in multi-asset portfolios
- compare alternative investments and bonds as risk mitigators in relation to a long equity position

- compare traditional and risk-based approaches to defining the investment opportunity set, including alternative investments
- discuss investment considerations that are important in allocating to different types of alternative investments
- discuss suitability considerations in allocating to alternative investments
- discuss approaches to asset allocation to alternative investments
- discuss the importance of liquidity planning in allocating to alternative investments
- discuss considerations in monitoring alternative investment programs