

**Question 1 of 100**

In addition to fees paid to the private equity funds in a private equity fund of funds, an investor in the fund of funds can expect to pay which of the following fees to the fund of funds manager?

- A. 0.5%-1% management fee and 5%-10% carried interest
  - B. 0.5%-1% management fee and 15%-20% carried interest
  - C. 1%-2% management fee and 15%-20% carried interest
  - D. 1%-2% management fee and 5%-10% carried interest
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**Question 2 of 100**

Tatiana Petrov is a seasoned hedge fund manager who wants to tap into the large U.S. retail market. As a result, she launches a diversified liquid alternative fund that complies with all relevant U.S. regulatory requirements. Which of the following most likely applies to Petrov's liquid alternative fund?

- A. It applies a fixed-income arbitrage strategy.
  - B. 14.7% of the fund is invested in distressed securities.
  - C. 26.4% of the fund is invested in Amazon stock.
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**Question 3 of 100**

Which of the following best describes a disadvantage of investing in funds of hedge funds (FoFs) as opposed to investing in other hedge fund strategies?

- A. FoFs are subject to significant survivorship bias.
  - B. FoFs are subject to two layers of fees.
  - C. FoFs charge exceptionally high management fees.
  - D. FoFs are exposed to market risk.
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**Question 4 of 100**

A portfolio has equal holdings in 20 hedge funds that have uncorrelated returns, equal return volatilities, and no systematic risk. If each hedge fund has a 3% monthly return volatility, which of the following comes closest to the ANNUAL volatility of the portfolio?

- A. 0.671%
  - B. 2.324%
  - C. 5.59%
  - D. 8.05%
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**Question 5 of 100**

Which of the following are considered areas in which fund of funds do NOT have an advantage over funds for investors?

- A. education
  - B. transparency
  - C. leverage
  - D. professional management
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**Question 6 of 100**

Which of the following is a likely reason for a private equity investor to prefer a fund-of-funds allocation over individual fund allocations?

- A. industry focus
  - B. single layer of fees
  - C. better diversification
  - D. increased need for oversight
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**Question 7 of 100**

Which of the following have the highest recovery rates?

- A. subordinated debt
  - B. senior unsecured bonds
  - C. first-lien term loans
  - D. secured bonds
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**Question 8 of 100**

MetaSchool, a virtual reality education start-up, is considering financing options for its growth over the next 5 years. Which of the following advantages of venture debt financing may lead MetaSchool to choose venture debt over equity financing?

- A. securing financing over the long term
  - B. higher operational support provided by the lender
  - C. low interest rate on the warrants issued to the lender
  - D. significantly lower equity dilution
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**Question 9 of 100**

A large company's credit risk is affected by which of the following factors?

- I. Company-specific risks
- II. Macroeconomic events
- III. Broad liquidity crises

- A. II and III only
  - B. I, II, and III
  - C. I only
  - D. I and II only
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**Question 10 of 100**

Which of the following borrowers of asset-backed loans use the loans to finance working capital or corporate actions?

- A. smaller borrowers
  - B. midsize borrowers
  - C. larger, quality borrowers
  - D. distressed borrowers
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