

CFA® SAMPLE QUESTION - LEVEL I

Alternative Investments

Q: A portfolio manager is considering taking a 10% position in a closely held company. Currently, the targeted company's founder holds over 70% of the company's equity.

The portfolio manager is valuing this potential investment based upon the market value of a comparable company whose stock is actively traded in stock market.

In the above case, the value of the comparable company will be adjusted by a:

- a** Control discount
- b** Control premium
- c** Minority discount



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