

CAIA[®] Chartered Alternative Investment Analyst[®]

To succeed in the global marketplace, investment professionals must understand the industry beyond their borders. Due to its international focus, the CAIA program draws candidates from around the world who are driven to expand their scope of knowledge. Since launching in 2002, the CAIA program has attracted thousands of candidates from over 70 countries and six continents. The program's diverse curriculum appeals to investment advisors, consultants and analysts, fund managers and administrators, compliance and back office personnel, accountants, lawyers, and academics. Candidates include seasoned professionals looking to explore new areas within the AI space, generalists wishing to add another asset class to their investment arsenal, and new industry participants seeking to establish a core understanding of alternative investments.

Why Take CAIA? Summary Points

1. As this is a relatively new program, it is much easier to pass. The average passing rate for Level I is about 71% and 56% for Level II. The stats are likely to drop as the program gets more popular, as evident from other popular programs like CFA and FRM.
2. As the financial market evolves, the financial instruments of the future most probably entail complex strategies and asset classes such as hedge funds, commodities, structured products, etc. CAIA charter-holders will be well placed in these areas.
3. As evident in the wealth management industry, the products offering are shifting from plain vanilla Unit Trusts to more complex investments such as Hedge Funds and Structured Products, as well as funds investing in alternative asset classes such as Commodities and Infrastructure.
4. As the exam is held twice a year (March and September), the full qualification could be earned in one year.
5. Again, as this is a new program, early charter-holders earn the extra privilege to be pioneers in this area of alternative space.
6. Financial Training Scheme (FTS) currently offer funding of up to 70% of educational training cost and exam registration fee, at a cap of \$5,000 per candidate per level (50% after year 2010 unless being extended). This high

level of funding shows how much importance MAS is giving to developing expertise in this area of alternative investment.

The CAIA Curriculum

The CAIA program is organized into two levels. Level I uses fundamental knowledge and investment analytics to examine each alternative asset class. Level II applies the knowledge and analytics learned in Level I within an asset allocation framework.

Both incorporate segments on ethics and professional conduct - essential components of the CAIA program.

The curriculum provides investment professionals with a broad foundation of knowledge covering the unique risk and return attributes associated with alternative vehicles, including real estate, private equity, commodities, hedge funds and managed futures. Study materials are chosen for their clarity, depth and synthesis of industry insights. To maintain the program's currency, the curriculum is revised regularly, incorporating new products and research.

Curriculum Topics

Level I

Part I: Professional Standards and Ethics

Introduces the practices and standards for dealing with ethical considerations experienced in the investment profession on a daily basis

Part II: Core Topics in Alternative Investments

Topic 1: Alpha Drivers and Beta Drivers: Explains the importance of alternative assets and discusses the sources of return to this asset class in terms of beta and alpha drivers. Approaches to active asset management and the concept of the continuum of beta offered by managers are described.

Topic 2: Real Estate: Discusses real estate investment trusts (REITs), direct real estate investments and their role in investment portfolios.

Topic 3: Hedge Funds: Describes various hedge fund strategies, explains their sources of risk and return and provides historical data showing their distributional characteristics. Discusses how asset allocation is applied to hedge funds and

explains the role of hedge funds in diversified portfolios. The process of establishing a hedge fund program and conducting due diligence is presented. Describes risk management tools and processes that are employed by investors. Discusses the role of incentive fees in the performance of hedge funds and analyzes several cases involving hedge fund liquidations.

Topic 4: Commodities and Managed Futures: Commodity markets are introduced and various methods of investing in commodities are described. Trend following and discretionary trading strategies are defined and compared.

Topic 5: Private Equity: Various investment products covered under the generic name of private equity are described: venture capital, leveraged buyouts and mezzanine debt. The role of private equity in asset allocation process is discussed. An analysis of industry trends in private equity markets is provided.

Topic 6: Credit Derivatives: Describes various features of credit derivatives and explains risks and payoffs of these instruments. Structured products, collateralized debt obligations and other instruments are analyzed.

Level II

Part I: Professional Standards and Ethics

Introduces the practices and standards for dealing with ethical considerations experienced in the investment profession on a daily basis

Part II: Advanced and Current Topics and Applications

Topic 1: Venture Capital and Private Equity Funds

Core readings cover advanced topics in private equity investments and describe various routes into private equity allocation. Structure of private equity funds is discussed and manager selection and monitoring processes explained.

Benchmarking in the private equity world, valuation methods and management of liquidity are discussed. Detailed analyses of IRR method and distribution waterfall are presented. Return drivers of private equity and factors such as size, experience and fund structure that affect the performance of private equity funds are discussed.

Topic 2: Commodities & Managed Futures:

Core readings provide advanced analysis of commodity markets and explain the role of commodities in asset allocation. Various methods for generating commodity

alpha and beta through spot and futures transactions are described. Major commodity indices and their risk-return profiles are discussed. Managed futures industry and managed futures trading strategies are reviewed and the risk-return profile of each is presented. The role of fundamental demand and supply factors as well as that of speculative activities in the recent rise in the price of oil are discussed. Risk-return profiles and relative performance of currency traders are examined.

Topic 3: Real Estate:

Core readings cover various forms of real estate investment and valuation methodologies. Due diligence as it pertains to real estate and risk-return characteristics of major real estate indices are discussed. Mortgage securities, asset allocation using real estate and risk-return profiles of numerous real estate investments are explained. Risk measurement and management tools applicable to institutional real estate investments are analyzed.

Topic 4: Hedge Funds:

Core readings provide detailed discussions of convertible arbitrage, global macro and equity long/short strategies. Risk-return characteristics of funds of funds and investible hedge fund indices are explained and compared. Due diligence process for various hedge fund strategies and the role of operational risk are explained. Recent industry and academic research on distressed securities strategy, multi-strategy funds and quantitative approaches for evaluation, selection and monitoring of hedge fund managers are discussed.

Topic 5: Structured Products, New Products and Strategies, and Regulation

Readings:

Modeling credit risk is described and then a detailed discussion of the structure, pricing and applications of credit default swaps is presented. Hedge fund replication products are presented and various methodologies used in the creation of these products are evaluated. Climate change, and new rules and regulations governing its causes, are examined and their potential impact on the investment environment are assessed. The role of structured products in the 2007-2008 financial crises is examined and economic principles behind financial regulations are discussed.

Topic 6: Asset Allocation

Risk profiles of dynamic strategies such as constant proportion portfolio insurance and momentum are discussed. The role of alternative investments, portfolio selection and asset allocation for high net worth investors are explained. The role of life cycle and liabilities in constructing optimal portfolios for individual investors are analyzed. Risk-return characteristics of various strategies for investing in commodities are examined in detail. Commodities as inflation hedges and their relative performance under different economic conditions are studied.

Topic 7: Current Topics

Recent events affecting financial markets are discussed. Performance of quant funds at the beginning of the recent financial crisis is analyzed in detail. Impact of illiquidity and the role of "crowded" strategies on the performance of quant funds are explained. Recent innovations in mortgage markets and incentive structure in mortgage origination and securitization process are analyzed. Specific recommendations for improving the mortgage industry are presented.

Topic 8: Portfolio and Risk Management

Risk management tools and processes (e.g., VaR, CVaR, GARCH, etc) employed by alternative investment professionals are discussed. Methods for dealing with unique challenges of managing illiquid investments are presented. Implications of illiquidity and uncertain investment horizons during periods of financial distress are studied and methods for reducing adverse effects of liquidity risk are presented.

Topic 9: Research Issues in Alternative Investments

The CAIA curriculum includes articles that discuss recent advances in the theory and practice of investment. Risk-return and inflation hedging properties of commodity futures are studied. Implications of momentum in REITS are presented. The role of incentive fees in hedge fund risk taking is evaluated. Recent changes in the management practices of private equity firms are discussed. Fees associated with buyout funds and their effects on fund returns are examined.

Funding

The Financial Sector Development Fund (FSDF) offers grants to financial sector organizations that sponsor eligible participants to training programs that meet qualifying criteria.

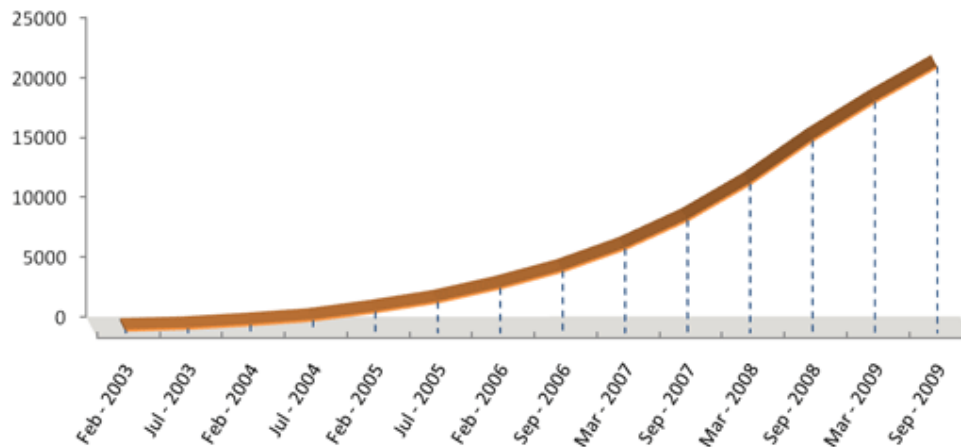
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For more information, you could contact the FSDF Secretariat at 6229 9396 or via email @ fsdf@mas.gov.sg.

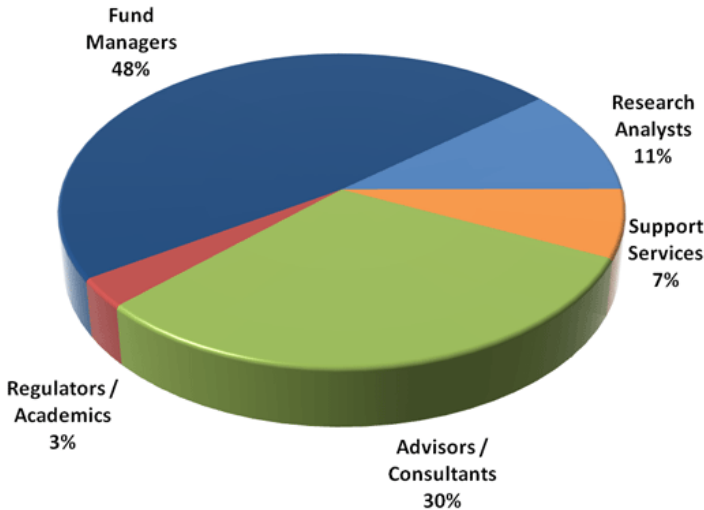
CAIA Candidate Statistics

Enrollment History

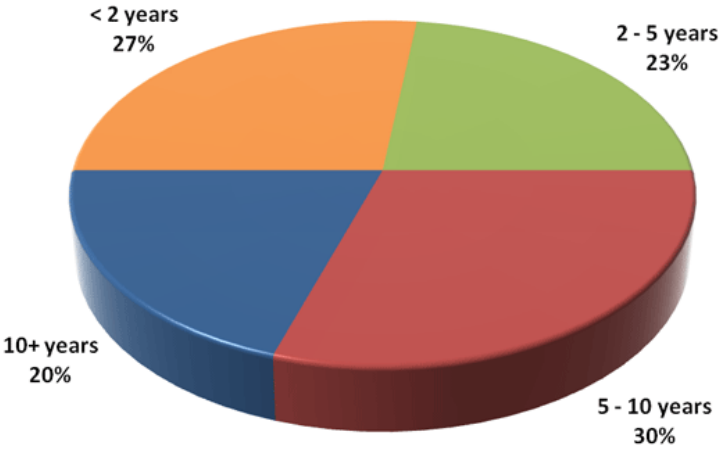
Since opening for registration in November 2002, enrollment in the CAIA program has experienced over 60% annual growth.



Candidate Enrollment Industry Sectors



Candidate Enrollment by Years of Finance Experience



CAIA Exam

CAIA examinations are offered semi-annually, giving candidates the opportunity to complete the CAIA program within a calendar year. They are computer-based and administered at proctored test centers around the world.

Level I exam consists of 200 Multiple Choice Questions whereas Level II exam consists of 100 Multiple Choice plus a certain number of short essay questions

Registration

Candidates register by visiting website, www.caia.org. Discounts are available to members of our founding sponsors, the Alternative Investment Management Association (AIMA) and the Center for International Securities and Derivatives Markets (CISDM).

| Program Enrollment and Exam Registration | | | | |
|---|-----------------------|----------------|--------------------------------|----------------|
| | Standard | | AIMA/CISDM Member Companies | |
| | Early Registration | Registration | Early Registration | Registration |
| Program Enrollment fee* | \$400 | | | |
| Level I Exam Registration fee** | \$900 | \$1,000 | \$675 | \$750 |
| Total | \$1,300 | \$1,400 | \$1,075 | \$1,150 |
| *The Program Enrollment fee is a one-time-only fee for new candidates. | | | | |
| Level II Exam Registration fee** | \$900 | \$1,000 | \$675 | \$750 |
| Total | \$900 | \$1,000 | \$675 | \$750 |
| **Exam retakes – The cost to retake either exam (Level I or II) is \$350. | | | | |
| | | | | |
| Membership | | | | |
| | Standard | | AIMA/CISDM Member Companies | |
| First-year-only membership dues | \$250 | | \$150 | |
| Subsequent annual membership dues | \$250 | | \$250 | |

Exam Dates

March 2011

- Level I Exam Session: March 10 - 23, 2011.
- Level II Exam Session: March 03 - March 16, 2011.
- Registration for the March 2011 examinations opens October 4, 2010.
- Early registration ends November 17, 2010.
- Exam registration closes January 31, 2011.

The Level I and Level II exams are held twice each year, in March and September. Individuals who register within the first six weeks of the registration period receive a 10% discount off the exam registration fee only. Registration closes approximately six weeks prior to the start of the exam period.

Designation Requirements

To receive the CAIA designation, the candidate must:

- ❖ successfully complete the CAIA Level II exam within three years of passing Level I
- ❖ hold a U.S. Bachelor's degree (or equivalent) and possess more than one year of professional financial experience, or alternatively, possess a minimum of four years' professional financial experience
- ❖ agree to abide by the Membership Agreement of the CAIA Association
- ❖ establish and maintain membership in the CAIA Association

Industry Recognition

In total, the CAIA program has had over 12,000 exam registrations for individuals from over 80 different countries, representing thousands of institutions. These range from prime brokerage, banking, advisory, consulting, asset management, legal and accounting firms to public and private pensions, foundations, family offices, regulators, and insurance companies. Below is a representative list of firms that employ CAIA members:

- Albourne Partners Ltd
- AXA Investment Managers
- Bank of America
- Bank of Nova Scotia
- Barclays Global Investors
- BlackRock
- BNP Paribas Asset Management
- California Public Employees' Retirement System
- Calyon Financial
- CITCO
- Citigroup
- Commonwealth Bank of Australia
- Credit Agricole
- Credit Suisse
- Deutsche Bank
- Dexia Asset Management
- Dresdner Bank
- EDHEC
- Fidelity Investments | Fortis
- Gerifonds SA
- Government of Singapore Investment Company
- Gulf International Bank UK Limited
- Hatteras Investment Partners
- HSBC
- HVB
- ING
- Ivy Asset Management
- JP Morgan
- Julius Baer
- LGT Bank
- Lombard Odier Darier Hentsch & Cie
- Lyxor
- Macquarie Bank
- Man Investments
- Mercer Investment Consulting
- Merrill Lynch
- Moody's Investor Services
- Morgan Stanley
- Morningstar
- National Bank of Dubai
- National Bank of Kuwait
- Nomura
- Pension Benefit Guarantee Corporation
- Pictet & Cie
- Pioneer Investments
- Prudential
- RMF Investment Management
- Royal Bank of Canada
- Scotia Capital
- Societe Generale Asset Management
- Standard and Poor's
- TD Waterhouse
- Thames River Capital
- The Carlyle Group
- The Sumitomo Trust & Banking Co., Ltd.
- Tremont Capital Management
- US Securities and Exchange Commission | UBS
- Union Bancaire Privee
- Westpac Institutional Bank
- World Bank
- Zurich Life Insurance Company Ltd

Regulatory Participation

In addition to the industry firms that are sending employees through the CAIA program, the following regulatory bodies have also had employees sit for the CAIA exams:

- *Comisión Nacional del Mercado de Valores, Brazil*
- *Office of the Superintendent of Financial Institutions, Canada*
- *Cayman Islands Monetary Authority, Cayman Islands*
- *Government of Cayman Islands, Cayman Islands*
- *German Financial Supervisory Authority, Germany*
- *Hong Kong Monetary Authority, Hong Kong*
- *Kuwait Investment Authority, Kuwait*
- *Central Bank of Oman, Oman*
- *Central Provident Fund Board, Singapore*
- *Monetary Authority of Singapore, Singapore*
- *Government of Singapore Investment Corporation, Singapore*
- *Swiss National Bank, Switzerland*
- *Federal Energy Regulatory Commission, United States*
- *Financial Industry Regulatory Authority, United States*
- *National Futures Association, United States*
- *Fannie Mae, United States*
- *US Securities & Exchange Commission, United States*