EASY INTERMEDIATE HARD

CFA® SAMPLE QUESTION – LEVEL I

Portfolio Management

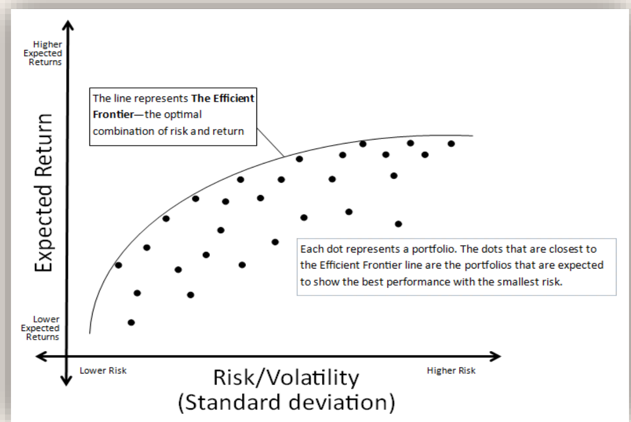
Q: Which of the following statements regarding the Markowitz efficient frontier is least likely to be correct?

The optimal portfolio for:

CORRECT ANSWER:

(C) a more risk-averse investor will lie inside the efficient frontier but will lie outside the efficient frontier for a less risk-averse investor.

The optimal portfolio will be different for investors with different levels of risk aversion, yet it will always lie on the efficient frontier, not inside or outside the curve.



CFA Society Hong Kong Candidate Services

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Date of issue:
1 Jan 2024