EASY INTERMEDIATE HARD

CFA® SAMPLE QUESTION – LEVEL I

Quantitative Methods

Q: Based on historical default records, of all the bonds currently rated BBB, 22% will default over an investor's horizon.

The expected number of defaults and the variance of the number of defaults in a randomly selected 50-bond portfolio over the investor's horizon is:

	Expected Defaults	**Variance**
ⓐ	8.58	39
ⓑ	11	8.58
ⓒ	39	8.58

CFA Society Hong Kong Candidate Services

Mr. Zap Cheng, CFA Candidate Services Committee

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