

CFA® SAMPLE QUESTION - LEVEL I

Alternative Investments

Q: A major benefit of investing in commodity-linked securities rather than holding the underlying commodities is that:

CORRECT ANSWER:

(a) commodity-linked securities may provide current income

Commodity-linked securities can provide current income, while pure commodities afford return only through price increases.

There is no evidence that the commodity-linked securities market is more liquid, provide less counterparty risk, or allows speculative profits than commodities.



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