

CFA® SAMPLE QUESTION – LEVEL I

Corporate Finance

Q: An analyst is developing Net Present Value (NPV) profiles for two investment projects. The only difference between the two projects is that Project 1 is expected to receive larger cash flows early in the life of the project, while Project 2 is expected to receive larger cash flows late in the life of the project.

The slope of the NPV profile for Project 1 when compared to the slope of the NPV profile for Project 2 is most likely:

- (a) equal.
- (b) flatter.
- (c) steeper.



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