

CFA® SAMPLE QUESTION – LEVEL I

Equity Investments

Q: Assume that at the end of the next year, Company A will pay a \$2.00 dividend per share, an increase from the current dividend of \$1.50 per share.

After that, the dividend is expected to increase at a constant rate of 5%. If an investor requires a 12% return on the stock, what is the value of the stock?

- (a) \$30.00
- (b) \$21.43
- (c) \$28.57



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