

CFA® SAMPLE QUESTION – LEVEL I

Portfolio Management

Q: Which of the following statements about investment policy statement is most correct?

CORRECT ANSWER:

(b) An investment policy statement should have objectives and constraints

To answer this question correctly. You need to have a clear understanding for what is "Investment Policy Statement".

First, the policy statement should specify objectives and constraints.

Return should always be considered with risk (i.e. Risk & Return concept).

Setting a risk tolerance is an investment policy objective, not a constraint.



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