

CFA® SAMPLE QUESTION – LEVEL I

Quantitative Methods

Q: In order to test if the mean IQ of employees in an organization is greater than 100, a sample of 30 employees is taken. The sample value of the computed z-statistic = 3.4. The appropriate decision at a 5% significance level is to:

CORRECT ANSWER:

- a) reject the null hypotheses and conclude that the population mean is greater than 100.**

$H_0 : \mu \leq 100$; $H_a : \mu > 100$.

Reject the null since $z = 3.4 > 1.65$ (critical value).

Straight forward question, if you remember to use the Z-score table and find out the related critical value and set up the correct null (H_0) and alternative (H_a) Hypothesis.



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