

## CFA® SAMPLE QUESTION – LEVEL I

### Quantitative Methods

**Q:** A share of Evergrowth Co. preferred stock is selling for 88.00. It pays a dividend of \$5.88 per year and assume will have a perpetual life. The rate of return it is offering its investors is closest to:

#### CORRECT ANSWER:

**(d) 6.68%**

**An easy question again if you remember the formula for a "Perpetual" investment**

i.e.  $P = d / r$

So return ( $r$ ) =  $d / p = 5.88 / 88 = 6.68\%$



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