



CFA® SAMPLE QUESTION – LEVEL I

Quantitative Methods

Q: If a stock's initial price is \$35 and its year-end price is \$42, then its continuously compounded annual rate of return is:

CORRECT ANSWER:

a 18.23%

The formula to calculate the continuously compounded annual rate of return is: = $\ln (Y1/Y0)$

Where Y1 is the new price and Y0 is the original price

So answer for our question is = IN(42/35) = 0.18232



CFA Society Hong Kong Candidate Services



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