



CFA® SAMPLE QUESTION – LEVEL I

- **Quantitative Methods**
- **Q:** A stock doubled its price in last year.

Then its continuously compounded annual rate of return over the period should be:

CORRECT ANSWER:

a 69.32%

The formula to calculate the continuously compounded annual rate of return is: $-\ln (\chi_1(\chi_0))$

= In (Y1/Y0)

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

So answer for our question is: = IN(2) = 0.69315

(Because given that in the question, the price has been doubled)



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