

CFA® SAMPLE QUESTION – LEVEL I

Alternative Investments

Q: A hedge fund that seeks to invest in the equity and debt of companies emerging from bankruptcy protection/ reorganization can best be described as a(n):

CORRECT ANSWER:

(C) event-driven fund

An event-driven fund makes bets on some event specific to a company or security, such as successful emergence from bankruptcy.

An emerging market fund is involved in securities in lesser-developed emerging markets. A risk arbitrage fund focuses on arbitrage opportunities arising from merges and acquisitions.



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