

CFA® SAMPLE QUESTION - LEVEL I

Portfolio Management

Q: A measure of how the returns of two risky assets move together is:

CORRECT ANSWER:

(a) covariance

The covariance is the statistics term that defined as the co-movement of the returns of two asset, or how well the returns of two risky assets move together.

Note that the range and standard deviation are measures of dispersion and measure risk, not "how" the assets move together.



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