

## CFA® SAMPLE QUESTION - LEVEL I

### Corporate Finance

- Q:** The risk-free rate is 3% and the expected market return is 11%. An investor find a stock with a beta of 1.3 selling for \$33 that will pay a \$2 dividend next year. If he thinks the stock will be selling for \$40 at year end, he thinks the stock should be:
- (a)** Overpriced, so short it.
  - (b)** underpriced, so buy it.
  - (c)** underpriced, so short it.



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