

## CFA® SAMPLE QUESTION - LEVEL I

### Ethical and Professional Standards

**Q:** Sammy Sneadle, CFA, is the founder and portfolio manager of the Everglades Fund. In its first year the fund generated a return of 30 percent. Building on the fund's performance, Sneadle created new marketing materials that showed the fund's gross 1-year return as well as the 3 and 5-year returns which he calculated by using back-tested performance information.

As the marketing material is used only for presentations to institutional clients, Sneadle does not mention the inclusion of back-tested data. According to the Standards of Practice Handbook, how did Sneadle violate CFA Institute Standards of Professional Conduct?

- a** He did not disclose the use of back-tested data.
- b** He failed to deduct all fees and expenses before calculating the fund's track record.
- c** The marketing materials only include the Everglades Fund's performance and are not a weighted composite of similar portfolios.



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