

## CFA® SAMPLE QUESTION – LEVEL I

# Ethical and Professional Standards

**Q:** Nancy Westfall is an individual investment advisor who uses mutual funds for her clients. She typically chooses funds from a list of 40 funds that she has thoroughly researched.

The Craigs, a married couple that is a client, asked her to consider the Eligis fund for their portfolio. Westfall had not previously considered the fund because when she first conducted her research three years ago, Eligis was too small to be considered.

However, the fund has now grown in value, and after doing thorough research on the fund, she finds the fund has suitable characteristics to be included in her acceptable list of funds. She puts the fund in the Craigs' portfolio but not in any of her other clients' portfolios.

The fund ends up being the poorest performing fund in the Craigs' portfolio. Has Westfall violated any Standards? Westfall has:

- (a)** not violated the Standards.
- (b)** violated the Standards by not dealing fairly with clients.
- (c)** violated the Standards by not having a reasonable and adequate basis for making the recommendation.



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