

## CFA® SAMPLE QUESTION – LEVEL I

### Fixed Income

**Q:** A mortgage is typically NOT:

**CORRECT ANSWER:**

**(C) characterized by highly predictable cash flows**

One of the characteristic of mortgage is that it can typically be retired early in whole or in part (i.e. a prepayment option and prepayment risk)

This makes the cash flows difficult to predict with high accuracy.

All other options are correct characteristics of Mortgage.



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