

CFA® SAMPLE QUESTION - LEVEL I

Quantitative Methods

Q: Which of the following is NOT a characteristics of the Student's t-distribution?

CORRECT ANSWER:

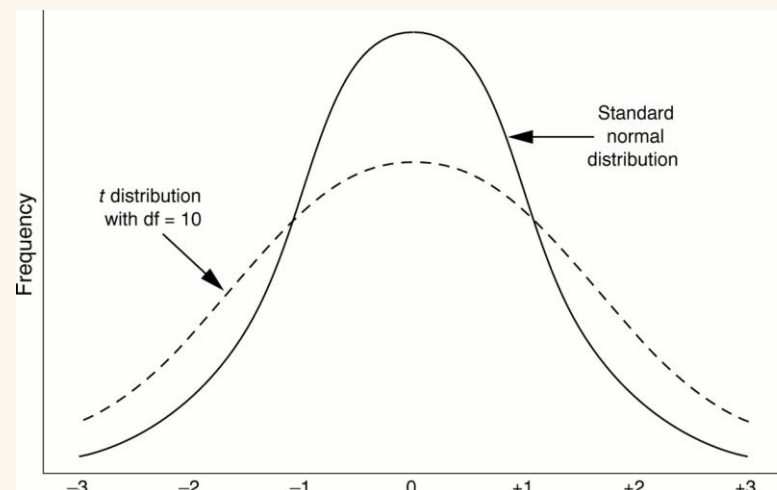
Ⓒ as the degrees of freedom get larger, the variance will approach zero

A t-distribution has one parameter: degrees of freedom, which is given by $n-1$.

A t-distribution looks similar to the standard normal distribution except that it has fatter tails and a smaller peak. This difference reflects the higher degree of uncertainty.

As the degrees of freedom increase (the sample size increases), our t-distribution looks more and more like the standard normal.

For t-distribution, it is symmetrical



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