

CFA® SAMPLE QUESTION - LEVEL I

Quantitative Methods

Q: Which of the following statements about hypothesis testing is correct?

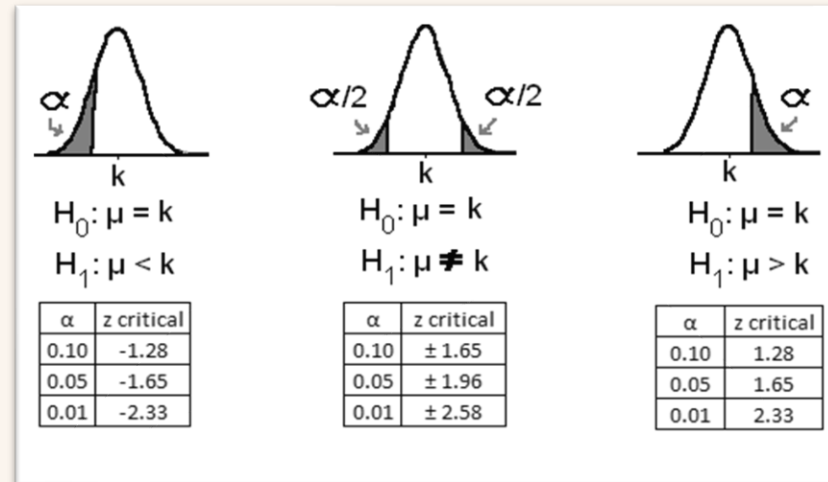
CORRECT ANSWER:

Ⓒ A two-tailed test with a significance level of 5% has z-critical values of ± 1.96

Rejecting the null when it is actually true is a Type I error ==> Choice A is incorrect. A type II error is failing to reject the null hypothesis when it is false.

The significance level equals to the probability of a Type I error ==> Choice B is incorrect.

Choice C is correct, for z-value, two-tailed test, can refer to chart:



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