Module P1.1: Factor-Based Strategies

Question 1

A small-cap, high P/E factor-based investment strategy is *best* classified as:

A) risk oriented.

B) **return oriented. ✓**

C) diversification oriented.

Explanation

Fundamentally weighted factor exposure strategies are considered to be return oriented because such strategies focus on the factors that have determined differences in return. (LOS P1.a)