CFA level 1, CF: NPV & IRR

NPV is the best criterion for evaluating investment projects because it:

1. accounts for the time value of money,
2. provides a specific value of a project (which is something that companies like),
3. accounts for all cash flows involved in an investment,
4. allows us to unambiguously evaluate the profitability of an investment project and to rank mutually exclusive projects from the most to the least profitable,
5. can be used for evaluating virtually any type of a capital project.

Read more at: http://soleadea.org/cfa-level-1/npv-irr
and make your own notes to improve your knowledge retention.

My notes:

Create a free CFA study plan at: http://soleadea.org/cfa-exam/study-planner
It will help you control your prep ☺