(J)

QP code 23426

M.U.P./J.Exam.2069-40,000x8pp.-2-14.

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Questions should be —
WRITTEN IN LEGIBLE HANDWRITING IN BLACK INK.
SIGNS, SKETCHES OR FIGURES IF ANY BE DRAWN IN NEAT BLACK INK,
so as to avoid mistakes in the printed question papers.

Duration .... Hours.

Total Marks assigned to the paper ....

Q. No.		Marks
	N.B. :	
1. A)	1) AMC (Any 8 out of 10, 01 mark each)	(08 marks)
	2) Ministry of Finance	
	3) accrual	
	4) dividends	
	5) Entry Load	
	6) Systematic Investment Plan	
	7) Debt funds	
	8) Rolling returns	
	9) NRI	
	10) Companies Act	
B)	(Any 7 out of 10, 01 mark each)	(07 marks)
	1) True	
	2) False	
	3.) True	
	4) True	
	5) False	
	6) False	
	7) True	
	8) ~~False~~ True	
	9) False	
	0) True	

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Q. No. Page No............

Marks

Q2. A.) I) An introduction on ethics and mutual fund. (15 marks

Need of ethics in mutual fund

* Fair business practices
* Collective investment
* Protect from malpractices
* Adyertisement
* Healthy competition
* Increase customer base
* Transparent

II) ROLE OF SEBI IN ETHICS

* AMC to file quaterly statement
* Mandatory compliance ~~fo~~ office for AMC
* Distributors and agents to fallow the code of conduct, V schedule of SEBI MF regulations (1996) & AGNI.
* Incorporated the rules of good conduct
* Watches out for any unethical or unfair practices.
* Fund managers should not use confidential information for their own benefit.
* Front running banned
*

Students are suppose to explain or elaborate on above points for 15 marks answer.

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Marks

Q.2. B)

1) Advertisement shall be truthful, fair and clear. Shall not contain forecast which is untrue or misleading (08 ma

2) An advertisement shall be considered misleading if it contains:
a) misleading statements on performance.
b) an inaccurate Portrayal of a past performance
c) statements Promising benefits

3) An advertisement which is likely to be misunderstood.

4) No exploitation of investor on basis of their knowledge or lack of experience

5) Inappropriate information.

6) Advertisment must contain
a) Name of trustees
b) fund manager
c) their legal status & liabilities.

7) If minimum rate of return is advertised, source to back up such an advertisment must ~~b~~ exist.

8) Status of a scheme ~~shall~~ it is not to be ~~d~~ disclosed as to its subscription or oversubscription.

Q.2.c)

1) Diversification (07 marks)
2) Record Keeping in a convenient manner.
3) Flexibility and convenience
4) Affordability
5) Investors protection
6) Liquidity
7) Tax benefits
8) Transaction cost
9) Transparency
10) Professional Management
11) Variety of funds
12) Daily Pricing.

(Any 8-9 points from above for 7 marks answer)

Marks

Q. No.

(08)

3. A) Solution:

Calculation of NAV:

Cash & Bank Balance	7,50,000
Bonds & Debentures	9,00,000
Equity Shares	14,50,000
Govt. Securities	12,05,000
Total Asset	4305000

(06 marks)

$$NAV = \frac{\text{Value of Investment} - \text{Accrued Liabilities}}{\text{No. of Outstanding Shares}}$$

(02 marks)

$$= \frac{43,05,000 - 75000}{2,00,000}$$ (01 mark)

$$= 21.15/\text{unit}$$

NAV/Unit is 21.15 per unit (01 mark)

Q3 B) (05 marks)
1) Introduction on Open Ended Fund Scheme
2) Objective - Income generation
3) not publicly traded
4) Instant liquidity - as there is no lock period
5) Free entry and exit
6) NAV is determined by mutual fund house
7) Can be sold back to mutual fund.

Q. No. | Marks

~~Q3.B~~ Solution:

Q3. C.)

Liabilities	₹	Assets	₹
Unit Capital	40,000	Investment M.V.	1,00,000
Reserves	68000	Other Assets	14,000
Other Liabilities	8000	Issue expenses not written off	2000
Total Liabilities	1,16,000	Total Assets	1,16,000

(06 marks)

NAV = Total assets − ~~other~~ Liabilities other than to unit holders. (01 mark)

1,16,000 − 8000

= ₹1,08,000. (01 mark)

OR (Alternative calculation) [for NAV]

Alternative method to calculate NAV

NAV = Unit capital + reserves.

= 40,000 + 68000

= ₹1,08,000

NAV per unit = $\frac{NAV}{\text{No. of units}}$ (01 mark)

= $\frac{108000}{4000}$

NAV per unit = 27 (01 mark)

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Duration .... Hours. Total Marks assigned to the paper ....

Q. No.		Marks
	N.B. :	
3 D)	1) Identify Investment goals	(05 marks)
2)	Risk tolerance	
3)	Past Performance and consistency	
4)	Investment Objective	
5)	Asset Management charges	
6)	Portfolio turnover ratio.	
7)	Asset management company's team.	
4. A)	Introduction on life cycle in Financial Planning	
1)	Childhood stage	(08 marks)
2)	Young unmarried stage	
3)	Young married	
4)	Married with young children	
5)	Married with older children stage	
6)	Pre-retirement stage	
7)	Retirement stage.	
	Conclusion Statement.	
4. B)	1) Indian adult individual, resident. 2) Minor through parent / guardian 3) Non-resident Indian 4) Religious and charitable trust 5) Partnership firms 7) Army, Air Force, Navy. 6) Karta of HUF 8) Provident / pension / gratuity 9) Trustees, AMC or sponsor.	(07 marks)

Q. No.		Marks
Q4 C)	I) Steps. Step1 : Define financial needs Step2 : Understanding the available investment products Step3 : Asset allocations. Step4 : Suggesting suitable Investment Opportunities with each Asset category.	(15 marks)
II)	Process :	
1	Process of elimination a) Define the filtration criteria b) Refrain from investing in unsuitable scheme c) Limit the number of funds in portfolio. d) Avoid duplication e) Eliminate inconsistent performers.	
2)	Process of selection : a) select across market caps. b) Select across investment style c) Select across asset class	
Q5.A)	1) Performance based relative ranking 2) Risk & return 3) AUM size 4) Asset Quality 5) Portfolio Concentration 6) Liquidity Analysis 7) Tax efficiency 8) Capital Preservation 9) Expense Ratings	(08 marks)
5. B)	1) Assistance. 2) Informed Guidance 3) Better understanding 4) Industry watchdogs. 5) Identifies underperformers 6) Present information in simplified manner.	(07 marks)
5 C)	Students should write an explanatory note on any 3 questions out of 5 with an introduction of 5-6 points. Any 3 out of 5, 05 mark each.	(15 marks)