

[Time: 3:00 Hrs]

[ Marks:75 ]

Please check whether you have got the right question paper.

- N.B:
1. Question No.1 and Question No. 8 is compulsory.
  2. Attempt any four questions from Question No. 2, 3,4,5,6 and 7.
  3. Figures to the right indicate full marks.
  4. Use of simple calculator is allowed.

**Q. 1****(A) State whether the following statements are True or False.****(10)**

- 1) Mutual funds can only invest in equity shares and fixed income securities.
- 2) Two-thirds of the trustees of a mutual fund must be independent persons not associated with the sponsors.
- 3) AMFI is a regulatory body for mutual funds in India.
- 4) Open-ended schemes have a fixed maturity period.
- 5) To calculate Net Assets Fictitious Assets are excluded.
- 6) Mutual fund distributors can only operate through paper-based application forms.
- 7) Insurance is considered an important part of protecting your financial downside.
- 8) A higher Portfolio Turnover Ratio indicates lower transaction costs.
- 9) Insurance is considered an important part of protecting your financial downside.
- 10) Asset allocation is considered secondary to the selection of individual securities in determining investment results.

**(B) Read the case study and answer the following questions.****(10)**

Rohit Mehta, a 30-year-old professional, seeks financial planning services to secure his family's future. Rohit is married to Sneha (28), and they have a one-year-old son, Varun. The family's current financial situation and goals are as follows:

**Income and Expenses:**

Rohit's monthly take-home salary is Rs. 66,667 (Rs. 8,00,000 annually). Their monthly expenses include Rs. 28,500 for household needs and Rs. 11,200 for a home loan EMI. They currently save Rs. 18,633 per month, with Rs. 6,200 invested regularly.

**Assets and Liabilities:**

The family's total assets are valued at Rs. 61,65,000, including a residential property worth Rs. 50,00,000. Their investment assets amount to Rs. 8,65,000, spread across cash, debt, and equity. They have an outstanding home loan of Rs. 7,50,000.

**Financial Goals:**

Retirement Planning: Maintain current living standards post-retirement at age 60.

Child's Education: Provide for Varun's higher education at age 21.

Child's Marriage: Plan for Varun's marriage at age 26.

The financial planner recommends the following strategies:

**Asset Allocation:**

Adjust the current allocation (5% cash, 62% debt, 33% equity) to a recommended 5% cash, 15% debt, and 80% equity to align with long-term goals.

**Insurance:**

Life Insurance: Purchase a term plan of Rs. 1 crore for Rohit.

Health Insurance: Obtain a family floater policy and a critical illness cover.

Emergency Fund: Maintain 4 months of expenses (Rs. 1,54,000) in a liquid fund.

**Goal-based Investing:**

Retirement: Start monthly SIPs of Rs. 16,600 in equity and debt funds.

Child's Education: Allocate existing investments and start an SIP of Rs. 1,800.

Child's Marriage: Begin a monthly investment of Rs. 3,600 in equity and debt.

**Regular Review**

Conduct annual reviews to track progress and make necessary adjustments.

By following this financial plan, Rohit and his family can work towards securing their financial future, ensuring they have sufficient resources for major life events and a comfortable retirement.

- 1) Explain the concept of asset allocation in financial planning. How does the recommended asset allocation for Rohit differ from his current allocation, and why is this change suggested?
- 2) Describe the importance of goal-based investing in financial planning. How has the financial planner addressed Rohit's three main financial goals?

**Q.2 Attempt Any Two of the following questions: (10)**

- a) What do you mean by Investment? What are the different avenues available for investment in India?
- b) What are the different types of Mutual Fund Schemes based on Debt?
- c) Write a note on Expense ratio.

**Q. 3 Attempt Any Two of the following questions: (10)**

- a) What are the obligations of AMC (Asset Management Company) in Mutual Fund?
- b) Write a note on Depositories.
- c) List the benefits of investment in Mutual Fund.

**Q. 4 Attempt Any Two of the following questions: (10)**

- a) Write a note on AMFI's code of conduct for intermediaries.
- b) Write a note on Exit Load.
- c) Ms. Aditi sold her Mutual Funds units at NAV 175 with exit load at 0.5%. If she received 35591.15, find the number of units sold.

**Q. 5 Attempt Any Two of the following questions: (10)**

- a) What are the different goals for which financial planning can be done?
- b) What do you mean by Asset Allocation? Explain the factors affecting asset allocation.
- c) Write a note on Direct Channel of Mutual Fund Distribution.

**Q. 6 Attempt Any Two of the following questions: (10)**

- a) Discuss an example of Short Term, Medium Term and Long-Term financial goals.
- b) Write a note on Alpha.
- c) Write a note on SCORES.

**Q. 7 Attempt Any Two of the following questions:**

**(10)**

- a) What are the advantages of Benchmarking in Mutual Fund?
- b) Discuss the rights of Mutual Fund Investors.
- c) Which complaints are not considered in SCORES?

**Q. 8 Attempt Any Three of the following questions:**

**(15)**

- a) Distinguish between investment in Bonds and Mutual Funds.
- b) Discuss the different phases of Mutual Fund industry in India.
- c) Write a note on Transaction charges on Mutual Fund.
- d) Explain the benefits of Financial Planning.