

Answer key of Set I

Q.1a) Fill in the blanks (Any 8)	Q.1 b) True or false (Any 7)
1) 1964	1. true
2) Quarterly	2. true
3) Registrar & transfer agents	3. false
4) Supervisor	4. true
5) riskometer	5. false
6) long term bond	6. false
7) rating	7. true
8) growth	8. false
9) valuation date	9. False
10) equity fund	10. False

Q.2 a) Define mutual fund. Need of ethics : Fair business practices, collective investment, protect from malpractices, advertisement, healthy competition, increase customer base, transparent

Q.2 b) objectives of AMFI

(07)

Principal objectives : promote the interest of mutual fund and unit holders and interacts with regulators, to set and maintain ethical, commercial and professional standards, To increase public awareness, to develop a cadre of well trained distributors

Other objective : maintains high ethical & professional standards, Recommends & promotes the top class business practices, interacts with SEBI and works according to its guidelines, represent the Government of India, undertakes all India awareness programme for investors

OR

Q2.c) Advantages – Diversification advantage, Low transaction cost, Flexibility, Convenience, Affordability, Investors protection, Professional management, well regulates, tax benefit, Daily pricing(Any six for six marks.)

Q.2 d) Pts. : - Ministry of finance : Supervisor of RBI & SEBI, aggrieved parties can make appeal on the SEBI & RBI ruling relating to the mutual funds.

SRG : exercises some degree of regulatory authority over industry, it could fill vacuum of an absence of govt. Oversight & regulation, lessen the burden of SEBI, promotes investor protection

Q. 3a) Concept of open ended scheme and close ended schemes (2 marks each)

Any two features of each (4 marks), Example (1 mark)

Q3b) SIP : concept, working : 1) to set apart a sum every month/ quarter and use to buy units regardless of its price 2) to help to save regularly and build up investment 3) power has compounding by investing early 4) helps in cost averaging and take the advantage of market fluctuation 5) can stop, start and modify SIP anytime

Q.3b) NAV calculation (8 marks)

2

$$\begin{aligned}\text{Closing NAV} &= \text{Opening value} + \text{Market appreciation} + \text{Net Proceeds} + \text{Dividends} - \text{Expenses} \\ &= \text{Rs. } 304,500 + (\text{Rs. } 10000) + (4000 \times 15) - 1500 + 1000 / 25000 \\ &= \text{Rs. } 354000 / 25000 \\ &= \text{Rs. } 14.16\end{aligned}$$

(each step can be given 1/2 marks)

Q3d) Explain Entry and exit load with difference

OR

Q.4a) Need & importance of mutual fund ratings

Assists investors in making informed investment decisions, Informed guidance, understanding of fund credit risk, industry watchdog, identifies underperformers, present information in simplifies manners, enhance marketability of various schemes, provide for benchmarking of performance.

Q4b) ICRA mutual fund rating methodology

Documents, Management characteristics, fund manager, regulatory compliance, ongoing review and monitoring

OR

Q4c) criteria selecting funds : identify investment goals, risk tolerance, past performance and consistency, investment objectives, asset management charges, portfolio turnover ratio, asset management company's team.

Q.5a) Life cycle: concept, phases : childhood stage, young unmarried stage, young married, married with young children, married with older children, pre- retirement stage, retirement stage.

Q5b) Distinguish points : profit generation, investor's objective, investment of dividend back or not, compounding, reinvest of profits, capital appreciation or regular income

Q.5) Short notes(Any three)

Brief introduction/ concept/ definition (1 marks), relevant points (4 marks)