

Total No. of Questions: 6

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Enrollment No.....



Faculty of Management  
End Sem (Odd) Examination Dec-2018  
MS3EF02 Basics of Mutual Funds

Programme: BBA Branch/Specialisation: Management / Finance

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. A Mutual Fund is not 1
- (a) A company that manages an investment portfolio.
  - (b) A portfolio of stock, bonds and other securities.
  - (c) A pool of funds used to purchase Securities on behalf of investors.
  - (d) A collective investment vehicle.
- ii. Which one of the following is not a benefit of mutual fund? 1
- (a) Investor has custody of the securities where fund invests.
  - (b) Investors are able to diversify risk.
  - (c) Investors can save cost.
  - (d) Investors can get professional management to manage money.
- iii. Mutual Funds in India are set up in the form of: 1
- (a) Company (b) Trust
  - (c) Partnership (d) Association of Person.
- iv. Mutual Funds are regulated by... 1
- (a) RBI (b) SEBI (c) IRDA (d) NSE
- v. What document MF distributors need to refer for finding out eligibility category of investors in a particular MF Scheme? 1
- (a) SEBI Regulation Model (b) AMFI booklet
  - (c) Offer document (d) RBI Guidelines

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- vi. Key information memorandum is **1**  
(a) An abridged version of the offer document.  
(b) The memorandum and Articles of AMC  
(c) A sheet containing historical NAVs of other fund schemes.  
(d) Annual Report of AMC
- vii. Demat account is open with **1**  
(a) SEBI (b) IRDA (c) AMFI (d) Depositories
- viii. Number of depositories in India. **1**  
(a) 1 (b) 2 (c) 3 (d) 4
- ix. A very high proportion of investment in all types equity funds is **1**  
advisable for Investors  
(a) In distribution phase  
(b) In accumulation phase  
(c) In transition phase  
(d) Who are wealth preserving affluent individuals.
- x. Financial Planning allows the person **1**  
(a) To become a billionaire  
(b) To achieve financial goals through proper management of  
finance.  
(c) To invest in foreign countries  
(d) None of these
- Q.2 i. State the meaning of mutual fund. **2**  
ii. List out any six advantages of mutual fund. **3**  
iii. Enlist the different types of mutual funds. Explain their **5**  
characteristics in short.
- OR iv. Explain the role of Mutual Fund in capital formation. **5**
- Q.3 i. Write any two objectives of SEBI. **2**  
ii. Explain the Due Diligence process by AMC's for distribution of **8**  
mutual fund.
- OR iii. State the rights and obligations of the investors. **8**
- Q.4 i. Write the meaning of NFO. **3**  
ii. List out the contents of SID. **7**

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- OR iii. Write a short note on Key Information Memorandum **7**
- Q.5 i. List out the procedure for Investment in Mutual fund. **4**  
ii. Explain the reasons for Increasing investment in Mutual Fund via **6**  
SIP.
- OR iii. What will you prefer SIP or one time investment in Mutual fund? **6**  
Give reasons for your choice.
- Q.6 Attempt any two:  
i. Write any five advantages of Financial Planning. **5**  
ii. State the factors which affect investors risk profile. **5**  
iii. Write a short note on wealth cycle in financial planning. **5**

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**Marking Scheme**  
**MS3EF02 Basics of Mutual Funds**

Q.1	i.	A Mutual Fund is not (c) A pool of funds used to purchase Securities on behalf of investors.	<b>1</b>
	ii.	Which one of the following is not a benefit of mutual fund? (a) Investor has custody of the securities where fund invests.	<b>1</b>
	iii.	Mutual Funds in India are set up in the form of: (b) Trust	<b>1</b>
	iv.	Mutual Funds are regulated by... (b) SEBI	<b>1</b>
	v.	What document MF distributors need to refer for finding out eligibility category of investors in a particular MF Scheme? (c) Offer document	<b>1</b>
	vi.	Key information memorandum is (a) An abridged version of the offer document.	<b>1</b>
	vii.	Demat account is open with (d) Depositories	<b>1</b>
	viii.	Number of depositories in India. (b) 2	<b>1</b>
	ix.	A very high proportion of investment in all types equity funds is advisable for Investors (b) In accumulation phase	<b>1</b>
	x.	Financial Planning allows the person (b) To achieve financial goals through proper management of finance.	<b>1</b>
Q.2	i.	Meaning of mutual fund 4 – 5 lines	<b>2</b>
	ii.	Any six advantages of mutual fund 0.5 mark for each	<b>3</b> (0.5 mark *6)
	iii.	Any five types of mutual funds with characteristic 1 mark for each	<b>5</b> (1 mark * 5)
OR	iv.	Role of Mutual Fund in capital formation.	<b>5</b>
Q.3	i.	Any two objectives of SEBI. 1 mark for each	<b>2</b> (1 mark * 2)

	ii.	Due Diligence process		<b>8</b>
OR	iii.	Any four rights of the investors. Any four obligations of the investors	4 marks 4 marks	<b>8</b>
Q.4	i.	Meaning of NFO.		<b>3</b>
	ii.	Contents of SID Any seven points 1 mark for each	(1 mark * 7)	<b>7</b>
OR	iii.	Key Information Memorandum Any seven points 1 mark for each	(1 mark * 7)	<b>7</b>
Q.5	i.	Procedure for Investment in Mutual fund.		<b>4</b>
	ii.	Reasons for Increasing investment in Mutual Fund via SIP. Any six points 1 mark for each	(1 mark * 6)	<b>6</b>
OR	iii.	What will you prefer SIP or one time investment in Mutual fund? Give choice with proper reasoning		<b>6</b>
Q.6		Attempt any two:		
	i.	Any five advantages of Financial Planning. 1 mark for each	(1 mark * 5)	<b>5</b>
	ii.	Any five factors which affect investors risk profile. 1 mark for each	(1 mark * 5)	<b>5</b>
	iii.	Wealth cycle in financial planning.		<b>5</b>

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