

1. Which of these refers to NAV?

[2 Marks]

- (a) **Net assets / no. of units**
- (b) Net NAP / no. of units
- (c) Net income / no. of units
- (d) Net market value / no. of units
- (e) Not Attempted

Correct Answer : Net assets / no. of units

2. Suppose an investor acquired 300 units of a scheme at Rs. 13 per unit on January 1, 2010 when the applicable exit load was 1%. 150 units were redeemed on June 6, 2011, when NAV was Rs. 14. The exit load per unit is Rs. _____.

[1 Marks]

- (a) **0.14**
- (b) 0.15
- (c) 0.13
- (d) 0.16
- (e) Not Attempted

Correct Answer : 0.14

3. Dividend distribution tax on liquid schemes for individuals is _____

[2 Marks]

- (a) 30% plus surcharge plus education cess
- (b) 22% plus surcharge plus education cess
- (c) 27% plus surcharge plus education cess
- (d) **25% plus surcharge plus education cess**
- (e) Not Attempted

Correct Answer : 25% plus surcharge plus education cess

4. For allotment of units in respect of purchase in liquid schemes, it has to be ensured that: Application is received before the applicable _____ time.

[1 Marks]

- (a) **cut-off**
- (b) market
- (c) trade
- (d) close
- (e) Not Attempted

Correct Answer : cut-off

5. Which among these are the commonly used measures of risk?

[1 Marks]

- (a) duration

- (b) weighted average maturity
- (c) standard deviation
- (d) **All of the above**
- (e) Not Attempted

Correct Answer : All of the above

6. Before investing in a foreign mutual fund an investor needs to understand which of the following?

[2 Marks]

- (a) foreign language
- (b) **international financial markets**
- (c) None of the above
- (d) foreign customs
- (e) Not Attempted

Correct Answer : international financial markets

7. The investment advisory fees of actively managed funds tend to be _____ than passively managed funds.

[2 Marks]

- (a) higher
- (b) **lower**
- (c) Not Attempted

Correct Answer : lower

8. The active fund manager seeks to beat the benchmark through superior stock selection.

[1 Marks]

- (a) FALSE
- (b) **TRUE**
- (c) Not Attempted

Correct Answer : TRUE

9. In periods of _____ volatility, the futures price can be much higher than the cash price for the same underlying.

[3 Marks]

- (a) low
- (b) **extreme**
- (c) normal
- (d) Not Attempted

Correct Answer : extreme

10. When money market and debt securities with residual maturity of upto 91 days securities are not traded on a particular valuation day they are to be valued on _____ basis.

[1 Marks]

- (a) residual maturity
- (b) yield
- (c) **amortisation**
- (d) MTM
- (e) Not Attempted

Correct Answer : amortisation

11. _____ are permitted to register as FIIs with SEBI.

[1 Marks]

- (a) Insurance companies
- (b) Banks
- (c) **All of the above**
- (d) Endowments
- (e) Not Attempted

Correct Answer : All of the above

12. NRIs have been barred from executing a power of attorney (PoA) in favour of a resident to handle their paper work.

[1 Marks]

- (a) **FALSE**
- (b) TRUE
- (c) Not Attempted

Correct Answer : FALSE

13. If the selling price of an investment is more than its buying price, it is treated as a _____

[1 Marks]

- (a) **capital gain or capital loss**
- (b) capital loss
- (c) Not Attempted

Correct Answer : capital gain or capital loss

14. Indian Mutual fund schemes are permitted to take exposure to GDRs.

[1 Marks]

- (a) FALSE
- (b) **TRUE**
- (c) Not Attempted

Correct Answer : TRUE

15. When someone invests directly in a project abroad, it is called _____.

[1 Marks]

- (a) foreign portfolio investment

- (b) **foreign direct investment**
(c) Not Attempted

Correct Answer : foreign direct investment

16. Mutual funds can enter into trades in which of the following?

[2 Marks]

- (a) Futures
(b) **All of the above**
(c) Interest Rate Swaps
(d) Forwards Rate Agreements
(e) Not Attempted

Correct Answer : All of the above

17. On classification of an investment asset of a mutual fund scheme as NPA, the value of the asset has to be provided for as per the following schedule (or earlier, but not later): _____ per cent of the book value of the asset has to be provided for after 12 months past due date of interest

[2 Marks]

- (a) 15
(b) 5
(c) **20**
(d) 10
(e) Not Attempted

Correct Answer : 20

18. Suppose an investor bought 2,000 units in the dividend payout option of a scheme, on January 15, 2011, when the NAV was Rs. 13 per unit. On July 1, 2011 the scheme distributed a dividend of Rs. 2 per unit. Investor bought additional 1,000 units in the dividend payout option of the scheme, on September 15, 2011, when the NAV was Rs. 11 per unit. Another dividend of Rs. 3 per unit was distributed on December 10, 2011. The investor sold 2000 units of the scheme on February 1, 2012, when the NAV was Rs. 12 per unit and retained 1000 units. The applicable exit load was 1%. Calculate XIRR.

[3 Marks]

- (a) 43.44%
(b) **41.74%**
(c) 42.34%
(d) 44.36%
(e) Not Attempted

Correct Answer : 41.74%

19. The facility of Consolidated Account Statement is available to Portfolio Management Schemes investors just as for mutual fund investors - state true or false

[1 Marks]

- (a) FALSE
- (b) TRUE
- (c) Not Attempted

Correct Answer : FALSE

20. Although the gains or losses are realised only when the scheme sells these investments, _____ ensures that the NAV reflects the realisable value of those investments.

[3 Marks]

- (a) NAV valuation
- (b) MTM valuation
- (c) losses made
- (d) profit accrued
- (e) Not Attempted

Correct Answer : MTM valuation