



MBA DEGREE EXAMINATIONS: NOV/DEC 2023

(Regulation 2021)

Third Semester

MASTER OF BUSINESS ADMINISTRATION

P21MBE0157: Mutual Funds

COURSE OUTCOMES

CO1: Explain the basics of mutual funds and its management of funds.

CO2: Assess the types and evaluation of mutual fund products.

CO3: Outline the legalities, accounting, and taxation aspects of mutual funds.

Time: Three Hours

Maximum Marks: 100

PART A (5Q x 6M = 30 Marks)

1. Summarize the advantages and limitations of Mutual Fund Investment. 6 CO1 [K₂]
2. Explain the categorization of mutual funds by referring to the SEBI's circular on Categorization and Rationalization of Mutual Fund Schemes in 2017. 6 CO1 [K₂]
3. Outline the process of New Fund Offer (NFO). 6 CO2 [K₂]
4. You have devised a strategy and created a portfolio of different stocks. After back testing, you observe that the Portfolio A, will give a return of 11%. However, you are concerned with the volatility at 8%. Now, you change certain parameters and pick different financial instruments to create another portfolio called as Portfolio B. This portfolio gives an expected return of 8%, but the volatility now drops to 4%. Considering the fact that the risk-free rate of return is 3%, then find a Sharpe Ratio for both portfolios. 6 CO2 [K₁]
5. Organize appropriate situations to opt Systematic Withdrawal Plan (SWP) by an Investor. 6 CO2 [K₃]

PART B (5Q x 10M = 50 Marks) Answer Any Five Questions only

6. Organize the key constituents of a Mutual Fund and select any one constituent and explain it in detail. 10 CO1 [K₃]
7. Outline the Principles concerning Benchmarks of Mutual Fund Schemes. 10 CO1 [K₂]
8. Demonstrate the key items encompassed in the Key Information Memorandum (KIM). 10 CO2 [K₂]
9. Find the Net Asset Value (NAV) by referring to the following information: 10 CO2 [K₁]
 - Value of stocks: Rs. 230 crores
 - Value of money market instruments: Rs. 5 crores

- Dividend accrued but not received: Rs. 2.39 crore
 - Amount payable on purchase of shares: Rs. 7.5 crore
 - Amount receivable on sale of shares: Rs. 2.34 crore
 - Fees payable: Rs. 0.41 crore
 - No. of outstanding units: 2.65 crore
10. Summarize the Do's and Don'ts while selecting mutual fund schemes. 10 CO2 [K₂]
11. Explain the factors affecting performance of Gold and Real estate mutual fund Schemes. 10 CO3 [K₂]
12. Explain the fair valuation principles laid out by Securities and Exchange Board of India. 10 CO3 [K₂]

Part – C (1x20=20 marks) Compulsory

13. Mehta, aged 35, is the regional marketing head in a famous FMCG company. His family is wife and twins aged 4. Mehta is in the modern class of investors, who know how important savings and emergency funds are. Since, he is an aggressive, unconventional investor, he prefers to invest in equity funds like SIPs. His needs are growing. The present net salary of Mehta is Rs. 1 lakh per month. 20 CO1 [K₆]

Expenses	Amount (Rs.)
Household Expenses	25,000
Personal Expenses	10,000
Insurance premiums	5,000
Miscellaneous	10,000

Financial goals of Mr. Mehta:

Goals	Target Amount (Rs.)	No of Years to Complete	Monthly Investment (Rs.)
Buying a Car	10,00,000	4	19,976
Childrens Education	30,00,000	15	12,938
Retirement	5,00,000	25	945

Additional Informations:

- Inflation Rate is at 6%
- Return are is at 13%.
- The total of his investments come to Rs. 33,859 out of the remaining 50,000. The rest go into fixed deposit or emergency fund.

The present Assets of Mr. Mehta include:

- Fixed Objectives – Rs. 20,00,000
- Emergency Recovery Fund – Rs. 10,00,000
- Insurance Value – Rs. 4,70,000
- Property Value – Rs. 27,00,000
- Mr. Mehta has no Debt.

Question:

Propose suitable mutual fund scheme(s) for Mr. Mehta to accomplish his financial goals.
