

Module 1

1. The First player of the Mutual fund industry was\_\_\_\_\_.

- A) ICICI MF      B) UTI MF      C) SBI MF      D) LIC MF

2 . UTI mutual fund was set up in the Year \_\_\_\_\_.

- A) 1963      B) 1986      C) 1956      D) 1947

3. \_\_\_\_\_ Mutual fund company was set up as a joint venture between RBI and Government of India

- A) UTI MF      B) LIC MF      C) SBI MF      D) ICICI MF

4 Who establishes the Mutual Fund in India?

- A) Securities Exchange Board of India      B) Asset Management Company  
C) Sponsor      D) Shareholders

5. In India, AMC must be registered with\_\_\_\_\_.

- A) Company's Act, 2013      B) No registration required.  
C) Securities Exchange Board of India      D) Reserve Bank of India

6. \_\_\_\_\_ is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities.

- A) Government Securities      B) Mutual Funds  
C) Derivatives      D) Shares

7 The value of one unit of investment in Mutual fund is called the \_\_\_\_\_.

- A) Net Asset Value      B) Issue value      C) Market value      D) Gross Asset value

8 \_\_\_\_\_ regulates the Mutual fund industry in India.

- A) Reserve Bank of India                      B) Association of Mutual Funds of India  
C) Securities Exchange Board of India      D) State Bank of India

9 What is the full form of NAV?

- A) Net Assessment Value      B) National Asset Value  
C) Net Asset Value              D) National Asset variation

10 \_\_\_\_\_ schemes not exposed to sudden and large movements of funds.

- A) Fixed maturity plan              B) Open-Ended Funds  
C) Close-Ended Funds              D) Interval fund

11 The feature of a mutual fund, where it spreads the investment in varied stocks and sectors by pooling the funds of various investors, is called as \_\_\_\_\_.

- A) Professional Management      B) Affordability  
C) Diversification                      D) Profit

12 Dividend income received from mutual in the hands of unit holders

- A) Fully Taxable    B) Fully Exempt      C) Partly Exempt      D) Partly Taxable

13. Which of the following is not a limitation of mutual funds?

- A) No guarantee of return              B) Fees and Expenses  
C) Poor Performance                      D) Professional Management

14 The Mutual fund industry follows which of the following regulation?

- A) SEBI (Mutual fund) regulations 1996    B) Mutual fund regulation 2004  
C) Mutual fund regulation 2003              D) RBI

15 Presently there are \_\_\_\_\_ AMC in India

- A) 40      B) 50      C) 44      39

16 A \_\_\_\_\_ is a trust that pools the savings of a number of investors who share common financial goals.

- A) Shares    B) Mutual Funds    C) Government Securities D) Derivatives

17 What are the reasons for economies of scale to the benefit of Mutual funds?

- A) Large volumes of trade                      B) Portfolio diversification  
C) Risk reduction                                  D) Loss

18 \_\_\_\_\_ are also known as the protectors of the fund and are employed by the fund sponsor.

- A) Sponsor    B) Trustees    C) Asset Management Company              D) Custodian

19 A minimum start-up capital of about \_\_\_\_\_ is required for open-ended schemes

- A) 500 million      B) 1000 million      C) 350 million      D) 200 million

20 A minimum start-up capital of about \_\_\_\_\_ is required for close-ended schemes

- A) 150 million      B) 100 million      C) 350 million      D) 200 million

21 The funds in which units can be purchased only during the initial offer period are called

- A) Open-Ended Funds                              B) Close-Ended Funds  
C) Interval Funds                                  D) Fixed maturity plan

22 The first introduction of Mutual Funds in India occurred in which of the following years?

- A) 1963    B) 1986      C) 1956      D) 194

23 \_\_\_\_\_ are considered high-risk funds but also tend to provide high returns.

- A) Equity Funds
- B) Money Market Funds
- C) Balanced or Hybrid Funds
- D) Debt Funds

24 \_\_\_\_\_ are funds that invest in company debentures, government bonds and other fixed-income assets.

- A) Equity Funds
- B) Money Market Funds
- C) Balanced or Hybrid Funds
- D) Debt Funds

25 HDFC Sensex ETF is an example of \_\_\_\_\_.

- A) Sector Funds
- B) Index Funds
- C) Fund of funds
- D) International funds

26 Nippon India Pharma fund is an example of \_\_\_\_\_.

- A) Sector Funds
- B) Index Funds
- C) Equity funds
- D) Global funds

27 AMFI was incorporated on \_\_\_\_\_.

- A) 22nd August 1995
- B) 12<sup>th</sup> April 1992
- C) 1<sup>st</sup> April 1935
- D) 15<sup>th</sup> August 1947

28 Which type of fund is more volatile?

- A) Large-cap funds
- B) Mid-cap funds
- C) Small-cap funds
- D) Hybrid Funds

29 An investor pays a tax on the dividend that he receives from a mutual fund scheme at

- A) 10%
- B) 20%
- C) 30%
- D) Tax is not applicable

30 Investors can enter and exit under \_\_\_\_\_ at any time

- A) Fixed maturity plan
- B) Open-Ended Funds
- C) Close-Ended Funds
- D) Interval fund

31 The NAV of each scheme should be updated on AMFI's website

A) Every Day B) Every month C) Every hour D) Every quarter

32 Mutual Fund schemes are first offered to investors through.

A) Stock exchange B) New Fund Offer C) Initial Public Offer D) AMFI

33 Which of the following banks launched the first mutual fund in India?

A) SBI B) Canara Bank C) Bank of India D) Indian Bank

34. Which of the following organizations is the Mutual Fund Market regulator in India?

A) SEBI B) RBI C) AMFI D) CIBIL

35 A Mutual fund is owned by \_\_\_\_\_.

A) SEBI B) The Government of India C) AMFI D) All its investors

36 SIP is a \_\_\_\_\_.

A) Method of regular investment B) Name of a mutual fund  
C) Brand of a tea stock D) Method of one time investment

37 SIP stands for \_\_\_\_\_.

A) Systematic investment plan B) Simple investment plan  
C) Simplified investment programme D) Single investment plan

38 SWP stands for \_\_\_\_\_.

A) Systematic whining plan B) Systematic withdrawal plan  
C) Systematic winning plan D) System winning plan

39 Day to day operations of a mutual fund is handled by

A) Asset Management Company B) Sponsor C) Trustee D) Shareholders

40 Mutual funds are constituted in India as \_\_\_\_\_.

- A) Trusts B) Limited liability partnership  
C) Companies D) Non-Government organisations

41 The susceptibility of a mutual fund's performance to general stock market conditions is known as

- A) Interest rate risk B) Market risk C) Exchange risk D) Corporate risk

42 The \_\_\_\_\_ is the market value of the securities that mutual funds have purchased minus any liabilities per unit.

- A) Net asset value B) Book value C) Gross asset value D) Net worth value

43 Which payment mode is not applicable while purchasing mutual fund scheme?

- A) Cheque B) Demand Draft C) Cash D) Pay Order

44 \_\_\_\_\_ are an important link between fund managers and investors.

- A) Trustees B) Asset Management Company  
C) Custodian D) Registrar And Transfer Agents

45. What is an open-ended mutual fund?

- A) It is the one that has an option to invest in any kind of security  
B) It has units available for sale and repurchase at all times.  
C) It has an upper limit on its NAV  
D) It has a fixed fund size

46 In \_\_\_\_\_ funds, the money is invested primarily in short-term or very short-term instruments e.g. T-Bills, CPs etc.

- A) Growth funds B) Income funds  
C) Liquid funds D) Tax-Saving Funds (ELSS)

47 \_\_\_\_\_ is a method of investing in mutual funds wherein an investor chooses a mutual fund scheme and invests a the fixed amount of his choice at fixed intervals.

- A) Systematic Transfer Plan B) Systematic Withdrawal Plan



- c. STP
- d. SRT

55..... allows an investor to withdraw a fixed amount of money periodically.

- a. SIP
- b. SWP
- c. STP
- d. SRT

56. In ..... STP investor transfers the profit from one fund and invests in the other.

- a. Flexi
- b. Capital Appreciation
- c. Fixed
- d. Net

57..... is a facility provided by banks to investors in new fund offers (NFOs) of mutual funds.

- a. ASBA
- b. CASBA
- c. MASBA
- d. NASA

58.A ..... ended scheme shall be wound upon the expiry of duration fixed in the scheme on the redemption of units.

- a. Open
- b. close
- c. Old
- d. New

59..... ended fund are highly liquid.

- a. close
- b. open
- c. Old
- d. New

60..... managed funds normally mimic and index.

- a. Actively
- b. Passively
- c. Open
- d. Close



61..... ended funds have maturity date.

- a. Open
- b. close
- c. Old
- d. New

62. Private Sector mutual funds were permitted in the year \_\_\_\_\_.

- a 1993
- b 1995
- c 1990
- d 1985

## Module 2

1. \_\_\_\_\_ funds are available throughout the year for subscription.

- a) Open-Ended Funds
- b) Close-Ended Funds
- c) Interval Funds
- d) Gold Funds

2. \_\_\_\_\_ are available only during specified days for subscription.

- a) Open-Ended Funds
- b) Close-Ended Funds
- c) Interval Funds
- d) Gold Funds

3. \_\_\_\_\_ funds can be understood as the schemes that offer new units to the investors continuously.

- a) Open-Ended Funds
- b) Close-Ended Funds
- b) Interval Funds
- d) Gold Funds

4. \_\_\_\_\_ issued by the Government of India to raise money for a short-term of up to 365 days.

- a) Treasury Bills
- b) Call money
- c) Commercial paper
- d) Kisan Vikas Patra

5. Which of the following is a limitation of investing in Liquid funds

- a) Convenience to Park Surplus Money      b) Safe Investment Option
- c) Better Returns on Idle Money              d) No Lock in period

6. Which of the following is a risk associated with debt fund?

- a) Less volatile                                      b) Unsafe Investment
- c) Fixed Return                                      d) Tax Efficient

7. Gold ETFs are popular because of

- a) Transparency and Real time gold prices      b) Non - Liquid
- c) Security Transaction tax                          d) Entry and Exit load

8. The most important advantage of a money market mutual fund is \_\_\_\_\_.

- a) Quick capital appreciation                      b) High regular income
- c) Safety principle                                      d) No loads

9. Which of the following is not true for Index funds

- a) These funds invest in the shares that constitute a specific index
- b) The investment in shares is in the same proportion as in the index
- c) These funds take only the overall market risk
- d) These funds are not diversified

10. Which of the following risks do not affect a debt fund

- a) Default by the issuer on payment of interest or principal
- b) Price fluctuations of the debt securities
- c) Share price movements
- d) Interest volatility

11. The greatest potential for growth in the capital is offered by

- a) Debt funds
- b) Gilt funds
- c) Growth funds
- d) Balanced funds

12. Debt funds target \_\_\_\_\_.

- a) Low risk and stable income
- b) Protection of principal
- c) High growth with risk
- d) Long term capital appreciation

13. In which of the following do debt funds not invest

- a) Government debt instruments
- b) Corporate paper
- c) Financial institutions bonds
- d) Equity of private companies

14. Liquidity of shares of \_\_\_\_\_ fund is very high because they invested are reputed, mature and firmly established players in the market.

- a) Large-cap funds
- b) Mid-cap funds
- c) Small-cap funds
- d) Multi cap funds

15. \_\_\_\_\_ are investment instrument, where an asset management company invest the money gather into both debt and equity.

- a) Equity Funds
- b) Debt Funds
- c) Money Market Funds
- d) Balanced or Hybrid Funds

16. Investment in \_\_\_\_\_ is best suited for investors with moderate risk appetite.

- a) Large-cap funds
- b) Mid-cap funds
- c) Small-cap funds
- d) Multi-cap funds

17. Liquidity of shares of \_\_\_\_\_ is least.

- a) Large-cap companies
- b) Mid-cap companies
- c) Small-cap companies
- d) Foreign companies

18. In \_\_\_\_\_ funds a large portion of the investment is done in companies with small market capitalization i.e. having a market cap of less than INR 500 crore.

- a) Large-cap funds
- b) Mid-cap funds
- c) Small-cap funds
- d) Multi-cap funds

19. Investment in \_\_\_\_\_ funds is best suited for investors with high-risk appetite and have good knowledge of the stock market.

- a) Large-cap funds
- b) Mid-cap funds
- c) Small-cap funds
- d) Multi-cap funds

20. The \_\_\_\_\_ fund invests in another international fund, which in turn invests directly in foreign stocks.

- a) Domestic-International Hybrid
- b) Feeder Investments
- c) Thematic Investments
- d) Foreign Investment

21. \_\_\_\_\_ invests 65% in domestic equities and balance 35% in international equities.

- a) Domestic-International Hybrid
- b) Feeder Investments
- c) Thematic Investments
- d) Foreign Investment

22. \_\_\_\_\_ are usually preferred by those investors who want to invest in securities beyond domestic stocks and across geographical barriers.

- a) Large-cap funds
- b) Mid-cap funds

c) Small-cap funds

d) International Mutual funds

23. Which amongst the following mutual fund schemes will generate higher returns?

a) Those investing in bonds of companies with poor credit rating

b) Those investing in risk-free government securities

c) Those investing in bonds of companies with a high rating

d) Those who invest in debt funds

24. Which amongst the following is an example of a physical asset?

a) Bank Deposit

b) Units by real estate investment trusts

c) Shares held in physical form

d) Real estate

25. \_\_\_\_\_ are suitable for investors with a long-term investment horizon and looking for growth.

a) Equity funds b) Income funds c) Liquid funds d) Long duration funds

26. The process of offering a mutual fund scheme to the public for the first time for subscription is known as \_\_\_\_\_.

a) Initial Public Offer b) New Fund Offer c) New Public offer d) Further Public offer

27. Which of the following is not a benefit of international mutual funds?

a) Hedge against the fall in the rupee against the dollar

b) Diversify the portfolio of investors

c) Access to foreign blue-chip companies

d) The slowdown in foreign economies

28. \_\_\_\_\_ was the first ever commodity ETF.

a) Gold ETF

b) Silver ETF

c) Steel ETF

d) Crude oil ETF

29. Which of the following is a risk associated with international mutual funds?
- a) Access to foreign blue-chip companies
  - b) Diversify the portfolio of investors
  - c) The slowdown in foreign economies
  - d) Hedge against the fall in the rupee against the dollar
30. \_\_\_\_\_ invest in commodities, such as gold, silver, other precious metals.
- a) Index ETF
  - b) Commodity ETF
  - c) Bond ETF
  - d) Debt ETF
31. Which of the following are the limitations of investing in growth funds?
- a) High market risks
  - b) Possible value Appreciation
  - c) Short-term commitment
  - d) Growth in investment
32. A \_\_\_\_\_ fund invests in growth stocks (an emerging company) to attain maximum capital appreciation.
- a) Debt funds
  - b) Gilt funds
  - c) Growth funds
  - d) Balanced funds
33. \_\_\_\_\_ is the benefit of investing in growth funds.
- a) Potential for high returns
  - b) High market risks
  - c) Long term commitment
  - d) Possible value depreciation
34. Investment in a large-cap fund is best suited for investors.
- a) With low-risk appetite
  - b) Pensioners
  - c) With high-risk appetite
  - d) Foreign investors
35. Investment in \_\_\_\_\_ means investment in companies that are strong, reputable and trustworthy.
- a) Large-cap funds
  - b) Mid-cap funds
  - c) Small-cap funds
  - d) Multi-cap funds



44. A gilt fund is a special type of security which invests only in \_\_\_\_\_.

- a) In very high-quality equity only
- b) In instruments issued by companies with a sound track record
- c) In short term securities
- d) In government securities only

45. \_\_\_\_\_ funds invest in stocks of companies that operate in a particular industry like banking, PSU, infra, rural, pharma etc

- a) Large-cap companies
- b) Mid-cap companies
- c) Small-cap companies
- d) Sector Funds

46. A diversified equity fund is one which

- a) Invests in one sector
- b) Invests in a theme
- c) Invests in stocks across various sectors
- d) Invests in minimum 30 stocks

47. Which of the following is the situation when the units of a close-ended fund can be bought?

- a) At the launch
- b) At redemption
- c) At any time
- d) Depends upon the fund type

48. \_\_\_\_\_ fund buys the stock in the cash market and sells the interest in the futures market, simultaneously.

- a) ELSS
- b) Index Funds
- c) Arbitrage funds
- d) Foreign funds

49. Which of the following mutual funds solely invests in stocks?

- a) Bond Fund
- b) Fixed income fund
- c) Money market fund
- d) Equity fund

50. Mutual fund is constituted under .....

- a. Partnership Act, 1932
- b. Companies Act, 1956
- c. Indian Trust Act, 1882
- d. Contract Act 1872

51. A mutual fund must have an independent Board of Trustees, where at least ..... of the directors of the Trustee are independent directors who are not associated with the sponsor in any manner.



- a. 1/3rd
- b. 2/3rd
- c. 1/4th
- d. 3/4<sup>th</sup>

52..... helps in financial transactions of a mutual fund.

- a. custodian
- b. banker
- c. distributor
- d. sponsor

53.Phase 1 of Mutual funds in India extended from .....

- a. 1964- 1987
- b. 1961- 1987
- c. 1964- 1988
- d. 1961- 1988

54.Phase 2 of Mutual funds in India extended from .....

- a. 1987-1994
- b. 1987-1993
- c. 1988-1995
- d. 1987-1992

55.Phase 3 of Mutual funds in India extended from .....

- a. 1996-2004
- b. 1994-2000
- c. 1995-2002
- d. 1993-2003

56.Phase 4 of Mutual funds in India extended from .....

- a. 2003-2014
- b. 2004-2013
- c. 2004-2012
- d. 2002-2011

57.Unit Trust of India (UTI) was formed in .....

- a. 1964
- b. 1963
- c. 1962
- d. 1961

58..... helps in financial transactions of mutual funds.

- a. Distributors

- b. Trustees
- c. Custodians
- d. Banks

59. The history of mutual funds in India can be broadly divided into ..... phases.

- a. 4
- b. 6
- c. 7
- d. 5

60. AMC is required to be approved by .....

- a. RBI
- b. IBDI
- c. SEBI
- d. IRDA

61. AMC look after administrative functions of a mutual fund for which they charge .....

- a. administrative fees
- b. professional fees
- c. management fees
- d. Processing fees

62. The ..... of the mutual fund appoints the AMC.

- a. sponsor
- b. trustee
- c. custodian
- d. Broker

63. Mutual Fund is established by .....

- a. Sponsor
- b. custodian
- c. Trustee
- d. Broker

#### UNIT 3 AND 4

1) A mutual fund has a beginning balance of 100 million earns interest of 10 million, receives dividends of 15 million, and has expenses of 5 million. If 10 million shares are outstanding, what is the NAV?

- (a) 10.50
- (b) 11.00
- (c) 12.00

(d)12.50

2) You invested 1,000 in a mutual fund with a 4% load when NAV was 20 per share. If you sell your shares at a NAV of 20 per share, what is the return of your investment?

(a)14.8%

(b)15.2%

(c)12.5%

(d)10.8%

3) If a mutual fund NAV is 50 and its expense ratio is 2% what are the total expenses per share?

(a) 2

(b) 10

(c) 1

(d) 5

4) How much money would you need to purchase 400 shares of a mutual fund with a NAV of \$55 per share and a 3% load?

(a) \$22,000

(b) \$21,450

(c) \$23,200

(d) \$22,660

5) Investors in high tax brackets will normally achieve higher performance by selecting a mutual fund that generates

(a) long-term dividends

(b) long-term capital gains

(c) long-term stock dividends

(d) short-term capital gains

6) What would be the tax consequence of owning a mutual fund that made distributions of 600 resulting from short-term capital gains and \$800 resulting from long-term capital gain rate?

(a) 420

(b) 140

(c) 300

(d) 260

7) If a scheme has 45Cr units issued and has an FV of Rs. 10 and NAV is at 11.33, unit capital(Rs.Cr) would be equal to

(a) 500.85

(b) 50.85

(c) 950.85

(d) 450

8) A scheme has average weekly net assets of Rs. 324 Cr and has annual expenses of Rs 3.24Cr, it's expenses ratio is

(a)1%

(b)10%

(c)Can't say

(d)Insufficient information

9) For a scheme to be defined as an equal fund, it must have a minimum

(a) 65% in Indian equities

(b) 65% in equities

(c) 51% Indian equities

(d) 35% in Indian equities

10) Which of the following characteristics is not true of close-ended funds?

(a) They can be load or no-load funds.

(b) They do not repurchase shares from investors.

(c) They are bought and sold on stock exchanges.

(d) They may sell above or below NAV.

11)Regarding load and no-load mutual funds,

(a)Load funds usually outperform no-load funds

(b)no-load funds perform at least as well as load funds even fees are ignored.

(c)Two types of fund perform about the same considering the fees

(d)Load funds may be bought directly, whereas no-load funds must be purchased through a broker.

12) On average, actively managed mutual funds have an expenses ratio of about

- (a) 1.5%
- (b) 2.5%
- (c) 3%
- (d) 5%.

13) The component of the expense ratio that includes a fee charged by some mutual funds to pay brokers is

- (a) A management fee
- (b) A 12b-1 fee
- (c) An administrative expense.
- (d) A referral fee.

14) Which of the following is a stock mutual fund?

- (a) Ginnie Mae fund
- (b) Growth fund
- (c) Municipal securities fund
- (d) Treasury securities fund

15) Which of the following stock mutual fund focus on medium-sized companies that are more established than small-cap firms, but may have less growth potential?

- (a) Equity income funds
- (b) Sector funds
- (c) Mid-size capitalisation funds
- (d) Balance growth and income funds

16) Which of the following is not a reason why Index funds typically incur lower expenses than other mutual funds?

- (a) Index funds are not actively managed
- (b) There are no expenses for research

(c)The portfolio is reversed infrequently, so the transaction cost is low.

(d)The security and Exchange Commission set a limit on index fund expenses

17)\_\_\_\_\_ funds are mutual funds that attempt to mirror the movements of the existing board market indicators.

(a)Internet

(b)Stock

(c)Index

(d)International

18)Index funds incur \_\_\_\_\_ expenses and are \_\_\_\_\_ managed compared to other funds.

(a)fewer; not actively

(b)fewer; actively

(c)more; not actively

(d)more; actively

19) Index funds offer tax advantages because they \_\_\_\_\_. In much trading and, therefore, \_\_\_\_\_ capital gains.

(a)engage; generate

(b)do not engage; generate

(c)engage; do not generate

(d)do not engage; do not generate

20)The difference between an international and a global fund is

(a)global funds invest in both U.S. firms and those of other countries wherever International funds focus on firms outside the United States.

(b)International funds invest in U.S. firms and those of other countries while global funds invest only in foreign firms.

(c)international funds in Treasury securities but no U.S. firms while global funds invest in both.

(d)there is no difference except in name.

21) Which of the following is not true of global and international bond funds?

- (a) They may be subject to interest rate risk.
- (b) They may be subject to exchange rate risk.
- (c) Their expenses may be higher than those of domestic bond funds.
- (d) They are especially attractive to investors in a high tax bracket.

22) High yield (junk-bond) funds focus on relatively risky bonds issued by firms that are subject to

- (a) default risk
- (b) interest rate risk
- (c) exchange risk
- (d) management risk

23) International bond funds

- (a) focus on bonds issued by non-U.S. firms or governments.
- (b) may hold bonds that offer a higher yield than the U.S. bond.
- (c) are subject to exchange rate risk.
- (d) All of the above correct.

24) \_\_\_\_\_ mutual funds invest in both foreign bonds and U.S. bonds.

- (a) International bonds
- (b) Index
- (c) Treasury bond
- (d) Global bond

25) Index funds are popular to all of the following reasons except

- (a) their performance relative to other mutual funds.
- (b) they incur low expenses.

(c)they are not actively managed.

(d)performance is frequently lower than that of actively managed portfolios.

26)Technology funds focus on technology-based firms. Which of the following statements regarding those firms is not true?

(a)Many of those firms are relatively young.

(b)They have a low degree of risk.

(c)They have the potential for a high return.

(d)They do not have a consistent record of strong performance.

27)Existing shares of closed-ended mutual fund companies are purchased

(a)from the investments company directly.

(b)from the investment company through a broker.

(c)from other investors in the stock market.

(d)from a bank.

28)In calculation the net assets value (NAV) which of the following is true?

(a)Dividends are subtracted and expenses added

(b)Interest is subtracted and expenses are added.

(c)dividends are added and expenses are subtracted

(d)Interest and other expenses are not included

29)To calculate the NAV, the market value of the portfolio liabilities is the dividend by the \_\_\_\_\_ to arrive at a per-share basis.

(a)original number of shares

(b)share currently issued by the fund

(c)maximum share to be issued

(d)average number of shares incomparable funds.

30)An open-ended mutual fund may do all of the following except



- (a) sell shares directly to investors.
- (b) charge a fee to buy but not sell shares.
- (c) repurchase shares from investors who want to sell their shares.
- (d) have its shares traded on a New York Stock Exchange.

31) The amount by which a close-ended fund's share price in the secondary market is above the fund's NAV is called the

- (a) market value
- (b) premium
- (c) discount
- (d) par value

32) \_\_\_\_\_ is a tax that is imposed by the government on companies based on dividend paid to a company's investors.

- (a) dividend distribution tax
- (b) return on investment tax
- (c) goods and services tax
- (d) corporate tax

33) All dividends in Equity & Equity Oriented Funds will be taxed at \_\_\_\_\_ from 2018.

- (a) 5%
- (b) 10%
- (c) exempt up to 10%
- (d) not taxable at all

34) Sponsor must hold at least \_\_\_\_\_% of the AMC's net worth.

- a) 30 %
- b) 40 %
- c) 50 %
- d) 60 %

35) AMC's net worth has to be at least \_\_\_\_\_

- a) 5 Crore
- b) 7 Crore
- c) 10 Crore
- d) 12 Crore

36) At least \_\_\_\_\_ % of the AMC directors Should be independent .

- a) 30
- b) 40
- c) 50
- d) 60

37) The AMC and the Trustees enter into an \_\_\_\_\_ Agreement.

- a) Investment Management
- b) Memorandum of Association
- c) Legal
- d) None of the above

38) If \_\_\_\_\_ of unit holders approve , The service of the AMC can be terminated.

- a) 50%
- b) 75%
- c) 60%
- d) 40%

39) Scheme take over do not result in merger of \_\_\_\_\_ .

- a) Trusts
- b) AMC
- c) AMFI
- d) All of the above

40) Any grievance against the AMC can be addressed to \_\_\_\_\_

- a) AMFI
- b) DCA
- c) Trustees
- d) AMF

- 41) The UTI is governed by \_\_\_\_\_.
- a) UTI Act
  - b) Company Act
  - c) Partnership Act
  - d) HUF Act
- 42) Listed mutual funds have to abide by \_\_\_\_\_ of the stock exchanges.
- a) Listing Regulations
  - b) Legal
  - c) Internal
  - d) None of the above
- 43) The offer document of an open ended fund is valid for \_\_\_\_\_ years.
- a) 1
  - b) 2
  - c) 3
  - d) 2.5
- 44) If equity markets move up, P/E ratio will move \_\_\_\_\_.
- a) Up
  - b) Down
  - c) No change
  - d) None of the above
- 45) If equity markets move down, dividend yield will move \_\_\_\_\_.
- a) Up
  - b) Down
  - c) Stable
  - d) None of the above
- 46) Investments are accounted for on \_\_\_\_\_ date.
- a) Year end
  - b) Quarter end
  - c) Trade

d) Half year end

47) Initial issue expenses cannot exceed \_\_\_\_\_% of amount mobilised.

a) 5

b) 6

c) 4

d) 3

48) Initial issue expenses of open-ended funds is amortised over a period not exceeding years \_\_\_\_\_%

a) 1

b) 2

c) 3

d) 4

49) Mutual funds cannot pay dividend out of \_\_\_\_\_.

a) Net profit

b) Net loss

c) Unrealised profit

d) Realised profit

50) An asset is non-performing if interest and/or principal are due for over \_\_\_\_\_ months.

a) One

b) Two

c) Three

d) Four

51) An equity shares is considered non-traded if it is not traded for over \_\_\_\_\_ days.

a) 15

b) 20

c) 25

d) 30

52) Valuation of debt instrument with less than 182 days to maturity is done on \_\_\_\_\_ basis.

a) Accrual

- b) Cash
- c) Real
- d) None of the above

53) Illiquid securities should not exceed \_\_\_\_\_% of the net assets.

- a) 5
- b) 7
- c) 10
- d) 15

54) For an index fund, Ex-Marks will be \_\_\_\_\_%.

- a) 50
- b) 70
- c) 90
- d) 100

55) If fund is assuming higher risk than the market index, its beta will be \_\_\_\_\_.

- a) Greater than 1
- b) Less than 1
- c) Equal to 1
- d) Equal to 2

57) Graham's strategy recommends \_\_\_\_\_% holding in debt funds and 50% holding in equity funds.

- a) 50
- b) 75
- c) 40
- d) 60

58) Expenses ratio is very important for \_\_\_\_\_.

- a) Debt fund
- b) Index fund
- c) Equity fund
- d) Currency fund

59) According to Bogle an investor's exposure to debt investment should be equal to his \_\_\_\_.

- a) Sex
- b) Age
- c) Income
- d) Cast

60) Higher expenses ratios lead to \_\_\_\_\_.

- a) Yield sacrifices
- b) Profit
- c) Income
- d) Wealth

61) Closed ended funds were usually trading at \_\_\_\_\_ to NAV

- a) Par
- b) Premium
- c) Discount
- d) Free

62) If a single unit holder holds more than \_\_\_\_\_ of net assets , the number of

Such unit holders and their percentage holding in the net assets have to be disclosed.

- a) 10 %
- b) 15 %
- c) 20 %
- d) 25%

63) If opening units 10,000 Units subscribe 3000, Units redeem 1000 then Closing units?

- a) 10,000 units
- b) 13,000 units
- c) 12,000 units
- d) 14,000 units

64) If opening units 25,000 ,Units subscribe 7000, Units redeem 2000 then Closing units?

- a) 30,000 units
- b) 25,000 units
- c) 32,000 units
- d) 44,000 units

65) If opening units 1,25,000 Units subscribe 2,00,000, Units redeem 50,000 then Closing units?

- a) 3,25,000 units
- b) 2,75,000 units
- c) 3,75,000 units
- d) 2,50,000 units

66) NAV stands for

- a) Net Application Value
- b) Notional Assets Value
- c) Net Assets Value
- d) Net Assets

67) High yield bonds have \_\_\_\_\_ potentials.

- a) Low
- b) High
- c) Average

68) Treasury bonds funds with short maturities have \_\_\_\_\_ default risk.

- a) High
- b) Low
- c) Average
- d) Nil

69) Portfolio turnover is \_\_\_\_\_ for liquid funds.

- a) Low
- b) High
- c) Average
- d) Nil

70) The benchmark for a balanced fund is Equity index and \_\_\_\_\_ combined in the same Proportion.

- a) Market Index
- b) Debt Index
- c) Gold Index
- d) Currency Index

71) The AMC received no fees on funds are called as \_\_\_\_\_

- a) Full Load
- b) Extra Load
- c) No Load
- d) Half Load

72) UTI Act was enacted in the year \_\_\_\_\_.

- a) 1975
- b) 1955
- c) 1963
- d) 1995

73) Expense ratio for a funds should be as \_\_\_\_\_ as possible.

- a) High
- b) Low
- c) Average
- d) Nil



74) Jensen's Alpha focuses on \_\_\_\_\_

- a) Systematic Risk
- b) Unsystematic Risk
- c) Political Risk
- d) Legal Risk

75) A benchmark once chosen cannot be altered without \_\_\_\_\_ approval.

- a) Custodian
- b) AMFI
- c) Trustees
- d) RBI

76) Tracking Error of \_\_\_\_\_ fund has to be minimized.

- a) Index Fund
- b) Debt Fund
- c) Guilt Fund
- d) Equity Fund

77) The \_\_\_\_\_ can issue offer documents on behalf of the trustees.

- a) AMC
- b) Custodian
- c) Agents
- d) AMD

78) Expenses incurred that are above the regulatory limit are borne by sponsor & \_\_\_\_\_

- a) AMC

- b) Custodian
- c) Agents
- d) AMD

79) A fund with \_\_\_\_\_ Sharpe ratio than the market is outperforming the market.

- a) Lower
- b) Higher
- c) Average
- d) Nil

80) \_\_\_\_\_ funds tends to have lower expense than other type of mutual funds.

- a) Equity funds
- b) Debt Funds
- c) Balance Funds
- d) Index funds

81) Rupee cost averaging means investing fixed amount \_\_\_\_\_.

- a) Periodically
- b) Lump sum
- c) Yearly
- d) Half Yearly

82) ETF stands for \_\_\_\_\_.

- a) Exchange Traded Funds
- b) Even Traded Funds
- c) Exchange Transactions Funds
- d) Extra Traded Funds

83) NFO stands for \_\_\_\_\_

- a) New Funds Offer
- b) Net Frauds in Office
- c) New Funds in Office
- d) Net Frauds Offer

86) If Holding Period return are 25% & period is 2 years then Annualized returns \_\_\_\_\_.

- a) 25%
- b) 12.5%
- c) 50%
- d) 37.5%

87) If Holding Period return are 20% & period is 2 years then Annualized returns \_\_\_\_\_.

- a) 20%
- b) 10%
- c) 40%
- d) 15%

88) Financial year for all mutual fund schemes ends on .....

- a. 31<sup>st</sup> December
- b. 31<sup>st</sup> March
- c. 30<sup>th</sup> September
- d. 30<sup>th</sup> June

89) Risk is less in .....

- a. Equity fund
- b. growth fund
- c. index fund
- d. debt fund

90) Equity funds are exempt from long term capital gain tax when investments are held for at least ..... months from the date of acquisition.

- a. 6
- b. 3

- c. 9
- d. 12

91)..... funds invest in companies of different sectors across the market.

- a. Sectoral
- b. Diversified
- c. Thematic
- d. Index based

92)..... funds are an extension of sector funds.

- a. Value
- b. Diversified
- c. Thematic
- d. Index based

93)..... funds use algorithmic, in which computer software takes buy/ sell decisions on the basis of formula

- a. Value
- b. Quant
- c. Thematic
- d. Arbitrage

94) Open-ended funds have to update offer document at least once in..... years

- a. 3
- b. 2
- c. 4
- d. 5

95) CAS stands for .....

- a. Combined Account Statement
- b. Consolidated Account Statement
- c. Combined Account System
- d. Consolidated Account System

96) Consolidated Account Statements is sent ..... to investors in whose folios no transaction has taken place.

- a. every 2 months
- b. every 3 months
- c. every 4 months

d. every 6 months

97) R-squared value range from 0 to .....

- a. 0.5
- b. 0.75
- c. 1
- d. 0.25

98) A ..... risk refers to the possibility of a stock issuer to go bankrupt or facing heavy losses.

- a. Business
- b. Credit
- c. Capital
- d. Scheme

99) A ..... risk in a mutual fund refers to a situation when the issuer of a stock is unable to make timely payment of interest and principal to the investors.

- a. Business
- b. Credit
- c. Capital
- d. Scheme

100)..... risk refers to the investor losing the money invested in mutual funds.

- a. Business
- b. Credit
- c. Capital
- d. Scheme

101)..... risk refers to a risk that affects the entire country or a particular region or a certain industry.

- a. Market
- b. Credit
- c. Capital
- d. Scheme

102)..... risk refers to a risk when there is political changes or change in investment policy of the government.

- a. Market
- b. Credit
- c. Political

d. Scheme

103)..... Ratio determines how the return of the scheme has compensated and investor for the risk he has taken.

a. Treynor

b. Sharpe

c. Sortino

d. Information

104) The risk of losing money invested in mutual funds is called .....

a. Capital risk

b. scheme risk

c. credit risk

d. market risk

105)..... ratio is a measure of the risk-adjusted return of a financial security or asset or portfolio.

a. Treynor

b. Sharpe

c. Sortino

d. Information

106) Returns from non-equity funds are treated as long term capital gains if investments are held for more than .....

a. 4 years

b. 2 years

c. 3 years

d. 5 years

107) NAV is declared everyday by deducting ..... expenses

a. Recurring

b. Transaction

c. Exit load

d. Entry load

108)..... ratio is the percentage of total assets that are spent to run a mutual fund

a. Treynor

b. Sharpe

c. Expense

d. Information

109)..... provides in detail scheme wise information about income and expenditure of mutual fund.

- a. Balance Sheet
- b. Revenue Statement
- c. Cash Flow Statement
- d. Fund Flow Statement

110) The returns earned from mutual funds are taxed under the head .....

- a. Income from House Property
- b. Salary Income
- c. Income from Capital gains
- d. Income from other sources

111) When a security is not traded on any recognized stock exchange for a period of .... days prior to the valuation date, the scrip must be treated as a “non-traded “security.

- a. 30 days
- b. 40 days
- c. 45 days
- d. 60 days

112)..... ratio is the percentage of total assets that are spent to run a mutual fund.

- a. expense
- b. income
- c. Profit
- d. Turnover

113) Equity related schemes are ..... risky when compared to debt debt schemes.

- a. less
- b. equally
- c. more
- d. Cannot say

114) The accounting year for mutual funds ends on ..... of each year.

- a. 31<sup>st</sup> December
- b. 31<sup>st</sup> March
- c. 30<sup>th</sup> September
- d. 1<sup>st</sup> April

115)..... of a mutual fund is the price at which units are bought or sold by investor.

- a. CP
- b. SP
- c. NAV
- d. NPV

116) In ..... Investors buy shares of Companies who have announced bonus issues, and subsequently sell the original holding at a loss once the stock becomes ex-bonus.

- a. Dividend stripping
- b. Bonus stripping
- c. Capital stripping
- d. Asset stripping

117) ..... is a measure of the volatility of a particular fund in comparison to the market as a whole

- a. Beta
- b. R-squared
- c. Standard deviation
- d. Alpha

118)..... measures the dispersion in return.

- a. Beta
- b. R-squared
- c. Standard deviation
- d. Alpha

119) CAGR stands for .....

- a. Calculated Annual Growth Rate
- b. Compounded Annual Growth Rate
- c. Changed Annual Growth Rate
- d. Changed Annual Grown Rate

120)..... are simply the annual gains that an investment has earned over a specific period of time.

- a. Annualized Return
- b. Absolute Return
- c. Holding period return
- d. None of the above

121) The performance of a scheme is reflected in its .....

- a. Net asset value
- b. Face Value
- c. NPV
- d. AMC

122)..... is a myth about Mutual Fund Investment in India.



- a. Small amount is needed to invest in Mutual Funds
- b. Higher NAV is better
- c. Demat account is compulsory to invest in Mutual funds
- d. Big amount is needed to invest in Mutual Funds

123) Abridged version of OD is called .....

- a. OD
- b. NFO
- c. KIM
- d. CD

124) ----- is a supplementary document that contains additional information of the fund.

- a. SID
- b. SAI
- c. KIM
- d. OD

125) ..... approve the contents of the Offer document

- a. AMC
- b. Trustee
- c. Custodian
- d. Sponsor

TYFM (Sem VI)

Sub: Mutual Fund (MCQ Question Bank)

**Module 1**

1.B) **UTI MF**

2 .A) **1963**

3 A) **UTI MF**

4 C) **Sponsor**

5. C) **Securities Exchange Board of India**

6. B) **Mutual Funds**

7 A) **Net Asset Value**

8 C) **Securities Exchange Board of India**

9C) **Net Asset Value**

- 10 C) **Close-Ended Funds**
- 11C) **Diversification**
- 12 B) **Fully Exempt**
- 13.D) **Professional Management**
- 14 A) **SEBI (Mutual fund) regulations 1996**
- 15C) **44**
- 16 B) **Mutual Funds**
- 17 B) **Portfolio diversification**
- 18 B) **Trustees**
- 19 D) **200 million**
- 20 A) **150 million**
- 21 B) **Close-Ended Funds**
- 22 **1963**
- 23 A) **Equity Funds**
- 24 D) **Debt Funds**
- 25 B) **Index Funds**
- 26 C) **Equity funds**
- 27 A) **22nd August 1995**
- 28 A) **Large-cap funds**
- 29 A) **10%**
- 30 B) **Open-Ended Funds**
- 31 A) **Every Day**
- 32 B) **New Fund Offer**
- 33 A) **SBI**
34. C) **AMFI**
- 35 D) **All its investors**
- 36 A) **Method of regular investment**
- 37 A) **Systematic investment plan**
- 39 B) **Systematic withdrawal plan**

40 A) **Asset Management Company**

40 A) **Trusts**

41 B) **Market risk**

42 A) **Net asset value**

43C) **Cash**

44 D) **Registrar And Transfer Agents**

45. B) **It has units available for sale and repurchase at all times.**

46 C) **Liquid funds**

47C) **Systematic Investment Plan**

48 D) **Securities, gold, real estate**

49 d. **NFO**

50. a. **financial**

51.b. **low**

52.a. **Diversification**

53c. **Only at the end of the day**

54. a. **SIP**

55 b. **SWP**

56. b. **Capital Appreciation**

57a. **ASBA**

58. b. **close**

59 b. **open**

60 b. **Passively**

61 b. **close**

62. a **1993**

Module 2

50. .a) **Open-Ended Funds**

51. b) **Close-Ended Funds**

52. a) **Open-Ended Funds**

53. a) **Treasury Bills**

54. d) **No Lock in period**

55. c) **Fixed Return**

56. a) **Transparency and Real time gold prices**

57. c) **Safety principle**

58. c) **These funds take only the overall market risk**

59. c) **Share price movements**

60. c) **Growth funds**

61. a) **Low risk and stable income**

62. d) **Equity of private companies**

63. a) **Large-cap funds**

64. d) **Balanced or Hybrid Funds**

65. b) **Mid-cap funds**

66. c) **Small-cap companies**

67. c) **Small-cap funds**

68. c) **Small-cap funds**

69. b) **Feeder Investments**

70. a) **Domestic-International Hybrid**

71. d) **International Mutual funds**

72. b) **Those investing in bonds of companies with a high rating**

73. d) **Real estate**

74. d) **Long duration funds**

75. b) **New Fund Offer**

76. d) **The slowdown in foreign economies**

77. a) **Gold ETF**

78. c) **The slowdown in foreign economies**

79. b) **Commodity ETF**

80. a) **High market risks**

81. c) **Growth funds**

82. a) **Potential for high returns**

83. a) **With low-risk appetite**

84. .

a) **Large-cap funds**

85. \_\_\_\_\_.

a) **Equity Funds**

86. d) **High Risk**

87. b) **Mid-cap funds**

88. c) **Small-cap funds**

89. a) **Large-cap funds**

90. d) **Mutual fund website only**

91.

**b) Investors holding of investment in electronic form is converted into a physical format.**

92. d) **Distribution agents based on the demand of the fund**

93. d) **In government securities only**

94. d) **Sector Funds**

95. c) **Invests in stocks across various sectors**

96. a) **At the launch**

97. c) **Arbitrage funds**

98. d) **Equity fund**

50. c. **Indian Trust Act, 1882**

51. b. **2/3rd**

52 b. **banker**

53a. **1964- 1987**

54. b. **1987-1993**

55. **d. 1993-2003**

56. **a. 2003-2014**

57. **b. 1963**

58 **d. Banks**

59. **d. 5**

60. **c. SEBI**

61. **c. management fees**

62. **b. trustee**

63. **a. Sponsor**

UNIT 3 AND 4

1) **Answer : C**

2) **Answer : B**

3) **Answer : C**

4) **Answer : D**

5) **Answer : B**

6) **Answer : D**

7) **Answer : B**

8) **Answer : A**

9) **Answer : B**

10) **Answer : A**

11) **Answer : B**

12) **Answer : A**

13) **Answer : B**

14) **Answer : B**

15) **Answer : C**

16) **Answer : D**

17) **Answer : C**

18) **Answer : A**

19) Answer : D

20).Answer : A

21) Answer : D

22)Answer : A

23)Answer : D

24)Answer : D

25)Answer : D

26)Answer : B

27)Answer : C

28)Answer : C

29)Answer : B

30)Answer : D

31)Answer : B

32)Answer : A

33)Answer : B

34) Answer : b

35) Answer : c

36) Answer : c

37) Answer : a

38) Answer : b

39) Answer : b

40) Answer : b

41) Answer : a

42) Answer : a

43) Answer : b

44) Answer : a

45) Answer : a

46) Answer : c

47) Answer : b

48) Answer : a

49) Answer : c

50) Answer : c

51) Answer : d

52) Answer : a

53) Answer : d

54) Answer : d

55) Answer : a

57) Answer : a

58) Answer : a

59) Answer : b

60) Answer : a

61) Answer : c

62) Answer : d

63) Answer : c

64) Answer : a

65) Answer : b

66) Answer : c

67) Answer : b

68) Answer : b

69) Answer : b

70) Answer : b

71) Answer : c

72) Answer : c

73) Answer : b

74) Answer : b

75) Answer : c

76) Answer : a



- 77) Answer : a
- 78) Answer : a
- 79) Answer : b
- 80) Answer : d
- 81) Answer : a
- 82) Answer : a
- 83) Answer : a
- 86) Answer : b
- 87) Answer : b
- 88) Answer : b
- 89) Answer : d
- 90) Answer : d
- 91) Answer : b
- 92) Answer : c
- 93) Answer : b
- 94) Answer : b
- 95) Answer : b
- 96) Answer : d
  
- 97) Answer : c
- 98) Answer : a
- 99) Answer : b
- 100) Answer : b
- 101) Answer : a
- 102) Answer : c
- 103) Answer : c
- 104) Answer : a
- 105) Answer : d
- 106) Answer : c
- 107) Answer : a
- 108) Answer : c
- 109) Ans: b
- 110) Answer : c
- 111) Answer : d

112) Answer : a

113) Answer : c

114) Answer : b

115) Answer : C

116) Answer : b

117) Answer : a

118) Answer : c

119) Answer : b

120) Answer : a

121) Answer : a

122) Answer : c

123) Answer : c

124) Answer : b

125) Answer : b





