



Mutual Fund Distributor Examination Series 1

Q:1 For anybody to start a mutual fund, relevant experience in financial services is mandatory.
(a) TRUE
(b) FALSE

Q:2 Mutual Funds in India follow a 3-tier structure
(a) TRUE
(b) FALSE

Q:3 The sponsor registers the mutual fund with SEBI after forming the trust
(a) FALSE
(b) TRUE

Q:4. Trustees manage investor's money
(a) TRUE
(b) FALSE

Q:5 Fund managers of closed ended schemes are not allowed to churn portfolios as frequently as open end schemes
(a) TRUE
(b) FALSE

Q:6 Only the physical securities are held by the Custodian.
(a) TRUE
(b) FALSE

Q:7 The AMC cannot act as a Trustee for some other Mutual Fund.
(a) TRUE
(b) FALSE

Q:8 Offer Document is not a legal document
(a) TRUE
(b) FALSE

Q:9 A scheme has 50 cr units issued with a face value of Rs. 10. Its NAV is Rs. 12.36. Its AUM in Rs. Cr is (Entry Load 2%)
(a) 500

- (b) 618
- (c) 630.36
- (d) Insufficient Information

Q:10 Entry load is highest for Liquid schemes

- (a) TRUE
- (b) FALSE

Q:11 Tracking error in index funds is only due to entry loads

- (a) TRUE
- (b) FALSE

Q:12 Scheme A has 2.5% entry load, Scheme B has none. No scheme has an exit load. How much more annual returns will be A have to deliver to match B's performance if B delivers 12% annual returns

- (a) 2.5%
- (b) 12%
- (c) 14.87%
- (d) 2.87%

Q:13 Investors are mutual, beneficial and proportional owners of the scheme's assets.

- (a) TRUE
- (b) FALSE

Q:14 Investors have a right to be informed about changes in the fundamental attributes of a scheme.

- (a) TRUE
- (b) FALSE

Q:15 NAV of a scheme without entry load will rise more than NAV of a scheme with an entry load

- (a) TRUE
- (b) FALSE

Q:16 A scheme with lower NAV is always better than a scheme with higher NAV

- (a) TRUE
- (b) FALSE

Q:17 Index Funds invest in stocks comprising indices

- (a) TRUE
- (b) FALSE

Q:18 If a scheme has 45 cr units issued and has a FV of Rs. 10 and NAV is at 11.13, unit capital (Rs. Cr) would be equal to

- (a) 500.85
- (b) 50.85
- (c) 950.85

(d) 450

Q:19 If a scheme issues more units, its NAV will

- (a) Have no impact
- (b) Fall
- (c) Rise
- (d) Can't say

Q:20 Redemption of units translates into higher NAV

- (a) TRUE
- (b) FALSE

Q:21 Offer Document has to be provided by the advisor along with the application form

- (a) TRUE
- (b) FALSE

Q:22 A fund fact sheet is published by mutual funds

- (a) TRUE
- (b) FALSE

Q:23 Fund fact sheet gives comparison of performance of each scheme with its benchmark

- (a) TRUE
- (b) FALSE

Q:24 Expense Ratio = Expenses / Average Weekly Net Assets

- (a) TRUE
- (b) FALSE

Q:25 Among equity funds, risk is highest for index funds

- (a) TRUE
- (b) FALSE

Q:26 Expense Ratio for a fund should be as low as possible

- (a) TRUE
- (b) FALSE

Q:27 Expense Ratio will increase if investors start redeeming

- (a) TRUE
- (b) FALSE

Q:28 A scheme has average weekly net assets of Rs. 324 cr and has annual expenses of Rs. 3.24 cr, its expense ratio is

- (a) 1 %
- (b) 10%
- (c) Can't say
- (d) Insufficient information

Q:29 For a scheme to be defined as equity fund, it must have minimum

- (a) 65% in Indian equities
- (b) 65% in equities
- (c) 51% Indian equities
- (d) 35% in Indian equities

Q:30 Long term capital gains will not be charged for international funds with 100% investment in foreign equities as compared to a fund investing only in Indian companies

- (a) TRUE
- (b) FALSE

Q:31 If YTM increases

- (a) Future Value of Cash Flows goes down
- (b) Present Value of Cash Flows goes up
- (c) Present Value of Cash Flows goes down
- (d) Future Value of Cash Flows goes up

Q:32 Gains made from Equity funds are not liable for long term capital gains tax

- (a) TRUE
- (b) FALSE

Q:33 A 100% international equity fund is similar to a debt fund from taxation viewpoint

- (a) TRUE
- (b) FALSE

Q:34 SWP stands for

- (a) Systematic Whining Pain
- (b) Systematic Whining Plan
- (c) Systematic Withdrawal Plan

Q:35 Growth option is for those investors who are looking for capital appreciation.

- (a) TRUE
- (b) FALSE

Q:36 In case of Dividend Reinvestment option, the investor chooses to reinvest the dividend in the scheme.

- (a) TRUE
- (b) FALSE

Q:37 Equity Mutual fund investors have to bear Securities Transaction Tax (S T T)

- (a) TRUE
- (b) FALSE

Q:38 SEBI stands for

- (a) Securities & Exchange Board Institute
- (b) Securities & Exchanges Board of India
- (c) Securities & Exchange Board of India

(d) Securities & Exchanges Board of Institute

Q:39 Money Markets refers to that part of the debt market where the maturity is

- (a) less than 1 year
- (b) less than 1 month
- (c) less than 6 months
- (d) more than 1 year

Q:40 Long term capital gains will not be charged for international funds with minimum 65% in Indian equities.

- (a) FALSE
- (b) TRUE

Answers

1	a	21	b
2	a	22	a
3	b	23	a
4	b	24	a
5	b	25	b
6	a	26	a
7	a	27	a
8	b	28	a
9	b	29	a
10	b	30	b
11	b	31	c
12	d	32	a
13	a	33	a
14	a	34	c
15	b	35	a
16	b	36	a
17	a	37	a
18	d	38	c
19	a	39	a
20	b	40	b