

# Chapter Tests of SFM of CA Ashish Lalaji 9825856155

## SFM Test of Mutual Funds

Maximum Marks: 25

Time Allowed: 1 hour

All questions are compulsory

**Q 1**

**(a)**

**(i)** A mutual fund had a Net Asset Value (NAV) of Rs.62 at the beginning of the year. During the year a sum of Rs.5 was distributed as dividend besides Rs.3 as capital gains distribution. At the end of the year NAV was Rs.70. Calculate return for the year.

**(ii)** Suppose the aforesaid mutual fund in the next year gives a dividend of Rs.5 and no capital gains distribution and NAV at the end of second year is Rs.65. What is the return for the second year?

**(3 Marks)**

**(b)** The following particulars relates to Gilt Fund Scheme:

		Value (Rs. in crores)
<b>1.</b>	Investment in Shares (at Cost):	
	• IT and ITES Companies	28
	• Infrastructure Companies	15
	• Aviation, Transport and Logistics	7
	• Automotive	32
	• Banking / Financial Services	8
<b>2.</b>	Cash and Other Assets in Hand as on closure date	2
<b>3.</b>	Investment in Fixed Income Bearing Bonds	
	• Listed Bonds [10,000 10.50% Bonds of Rs.1 0,000 each]	10
	• Unlisted Bonds	8
<b>4.</b>	Expenses payable as on closure date	3
<b>5.</b>	No. of Units Outstanding	5.5
<b>6.</b>	Market Expectation on Listed Bonds	8.4%

Question Paper by **CA. Ashish Lalaji**

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The particulars relating to sectoral index are as follows —

<b>Sector</b>	<b>Index on the date of purchase</b>	<b>Index on the valuation date</b>
IT and ITES	1750	2950
Infrastructure	1375	2475
Aviation, Transport & Logistics	1540	2570
Automotive	1760	2860
Banking / Financial	1600	2300

**Required:**

Net Asset Value of the Fund and Net Asset Value per Unit

**(8 Marks)**

- (c) You can earn a return of 13 percent by investing in equity shares on your own. You are considering a recently announced equity mutual fund scheme where the initial issue expense is 7 percent. You believe that the mutual fund scheme will earn 16.5 percent. At what recurring expenses (in percentage terms) will you be indifferent between investing on your own and investing through the mutual fund.

**(2 Marks)**

- Q 2** On 1st April, an open-ended scheme of mutual fund had 300 lakh units outstanding with Net Assets Value (NAV) of Rs. 18.75. At the end of April, it issued 6 lakh units at opening NAV plus 2% load, adjusted for dividend equalization. At the end of May, 3 Lakh units were repurchased at opening NAV less 2% exit load adjusted for dividend equalization. At the end of June, 70% of its available income was distributed.

In respect of April-June quarter, the following additional information are available:

	<b>Rs. in lakhs</b>
Portfolio value appreciation	425.47
Income of April	22.950
Income for May	34.425
Income for June	45.450

You are required to calculate

- (i) Income available for distribution;
- (ii) Issue price at the end of April;
- (iii) repurchase price at the end of May; and
- (iv) net asset value (NAV) as on 30th June.

**(12 Marks)**

**Question Paper prepared by CA. Ashish Lalaji**

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