

Chapter Tests of SFM of CA Ashish Lalaji 9825856155

Solution of Test of Mutual Funds

Q 1

(a) It is assumed that only 1 unit has been purchased by the investor.

$$\text{Annualised Return (r}_{MF}\text{)} = \left[\frac{\text{Value of units at time of sell / at end of period} - \text{Purchase Cost}}{\text{Purchase Cost}} + \frac{\text{Dividend Received}}{\text{Purchase Cost}} \right] \times \frac{12}{n} \times 100$$

(i)

$$= \frac{(70 - 62) + (5 + 3)}{62} \times \frac{12}{12} \times 100$$

$$= 25.81\%$$

(ii)

$$= \frac{(65 - 70) + (5 + 0)}{70} \times \frac{12}{12} \times 100$$

$$= 0\%$$

(b) Determination of NAV per unit as on closure date:

Particulars	Value (Rs. in crores)
Investment in Shares (at market value):	
• IT and ITES Companies (28 X 2,950 / 1,750)	47.2
• Infrastructure Companies (15 X 2,475 / 1,375)	27
• Aviation, Transport and Logistics (7 X 2,570 / 1,540)	11.68
• Automotive (32 X 2,860 / 1,760)	52
• Banking / Financial Services (8 X 2,300 / 1,600)	11.5
Cash and Other Assets in Hand as on closure date	2
Investment in Fixed Income Bearing Bonds	
• Listed Bonds at market value [10 X 10.5% / 8.4%]	12.5
• Unlisted Bonds at cost	<u>8.00</u>
	171.88
Less: Expenses payable as on closure date	<u>3.00</u>
Total Net Assets	168.88
÷ No. of Units Outstanding	<u>5.50</u>
NAV per unit	<u>30.71</u>

Solution prepared by **CA. Ashish Lalaji**

(c)

$$\begin{aligned} r_{MF} \text{ to be indifferent} &= \frac{\text{Return from Equity Shares}}{1 - \text{Issue Expenses}} + \text{Recurring Expenses} \\ 16.5 &= \frac{13}{1 - 0.07} + \text{Recurring Expenses} \\ 16.5 &= 13.98 + \text{Recurring Expenses} \\ \text{Recurring Expenses} &= 16.5 - 13.98 = 2.52\% \end{aligned}$$

Q 2

(i) Determination of Income available for distribution:

	Rs. in lakhs
Income of April	22.950
Add: Dividend equalisation collected (22.95 / 300 i.e. 0.0765 X 6)	<u>0.459</u>
	23.409
Add: Income of May	<u>34.425</u>
	57.834
Less: Dividend equalisation paid (57.834 / 306 i.e. 0.189 X 3)	<u>0.567</u>
	57.267
Add: Income of June	<u>45.450</u>
Total Income available for distribution	<u>102.717</u>

(ii) Issue price at end of April:

	Rs.
Opening NAV	18.7500
Add: Entry load @ 2%	<u>0.3750</u>
	19.1250
Add: Dividend Equalisation p.u.	<u>0.0765</u>
	<u>19.2015</u>

(iii) Repurchase Price at end of May:

	Rs.
Opening NAV	18.750
Less: Exit load @ 2%	<u>0.3750</u>
	18.375
Add: Dividend Equalisation p.u.	<u>0.189</u>
	<u>18.564</u>

(iv) Determination of NAV on 30th June:

	Rs. in lakhs
Opening Net Assets (300 X 18.75)	5,625
Portfolio Appreciation	425.47
Income (22.95 + 34.425 + 45.45)	102.825
Cash received on issue of units (6 X 19.2015)	115.209
Cash paid for repurchasing units (18.564 X 3)	(55.692)
Dividend paid (102.717 X 70%)	<u>(71.9019)</u>
Closing Net Assets on 30 th June	6,140.9101
No. of units on 30 th June (300 + 6 - 3)	<u>303</u>
NAV on 30 th June	<u>20.2670</u>

Solution prepared by CA. Ashish Lalaji

Subscribe to my YouTube Channel:

Link:

https://www.youtube.com/channel/UCt0mAUGloc_qG_EgCrpuzbA

Or Scan:



Mobile Learning App:

<http://on-app.in/app/home?orgCode=paca>

iOS Platform: Use Code: PACA

WhatsApp: 9825856155

Telegram: <https://t.me/AshishLalaji>

Instagram: <https://www.instagram.com/ashishlalaji/>

Facebook: <https://www.facebook.com/ashish.lalaji.3/>

e-mail: ashishlalaji@rediffmail.com