

VPM's
DR VN BRIMS, Thane
Programme: MMS (2015-17) (Finance)
Fourth Semester Examination April 2017

Subject	Wealth Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	13.04.2017

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

- Imagine you are a wealth manager, and a potential client investor approaches you to seek advice. List down a step-wise action plan that you should follow.
- What are the different categories of client investors, basis the size of their net worth. Explain each of them.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- Distinguish between Active and Passive styles of investment. Explain the pros and cons of each of these.
- List down any five concerns of an investor that need to be addressed by a Wealth Manager.
- What will Rs.2,50,000 grow to be in 10 years if it is invested today in an account with annual interest rate of 11%?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- List down any five Government small savings schemes in India
- What do you mean by SIP? Elaborate on the advantages of investing in an SIP.
- How many years will it take for Rs.1,50,000 to grow to be Rs. 6,00,000 if it is invested in an account with an annual interest rate of 8%?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- Explain the difference between a PPF and NSC.
- List down any five advantages of investing in Mutual Funds
- At what annual interest rate must Rs.1,50,000 be invested so that it will grow to be Rs. 4,50,000 in 14 years?

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What do you mean by NFO in case of a Mutual Fund. What are the parameters that should be considered while investing in an NFO?
- What is an ELSS Mutual Fund? What are the pros and cons of investing in an ELSS?
- You are offered an investment with a quoted annual interest rate of 15% with quarterly compounding of interest. What is your effective annual interest rate?

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is the difference between an Open ended and a Closed ended scheme?
- Suppose you are a Wealth Manager, and one of your HNI clients is selling his residential house in Mumbai. What would you suggest your client, so as to reduce his / her tax liability?
- You plan to borrow Rs.10,00,000 now and repay it in 25 equal annual installments (payments will be made at the end of each year). If the annual interest rate is 14%, how much will your annual payments be?

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- A Mumbai-based company gets all its revenues in USD, whereas all of its expenses are incurred in INR. Identify what is the business risk involved in such case. Explain how would you help the company in hedging such risk.
- Distinguish between a Forward and a Future Contract. Elaborate on the pros and cons for each of these.
- You are offered an annuity that will pay Rs.1,00,000 per year for 7 years (the first payment will be made today). If you feel that the appropriate discount rate is 11%, what is the annuity worth to you today?