

**Programme: EP MBA (2018 - 2019)**  
**Batch: 13**  
**Second Semester Examination September 2018**

<b>Subject</b>	<b>Wealth Management</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>60</b>	<b>Duration</b>	<b>2 Hour</b>
<b>Total No. of pages</b>	<b>10</b>	<b>Date</b>	<b>09.09.2018</b>

Put circle ○ on correct answer

- 1 Anything with material value can be termed as wealth.  
a TRUE  
b FALSE
- 2 Service that combines planning of tax, investment, retirement etc is called \_\_\_\_\_  
a Personal management  
b Financial management  
c Wealth Management  
d Portfolio management
- 3 A person having wealth in procession and allocates capital with an expectation to earn some future financial reward would be called \_\_\_\_\_  
a Investor  
b Businessman  
c Speculator  
d Trader
- 4 What kind of investor would you be if you have news of HDFC AMC IPO coming up but you didn't put your money into it rather asked others to do so.  
a Savers  
b Regular Investors  
c Window shopper  
d Seasonal trader
- 5 Which of the below statement stands TRUE for investor type "Hi-tech Lalaji"  
a They have this I know everything attitude  
b They are champ of their business and think they can be champs in investment too.  
c None of the above  
d Both the above

- 6 Which of the below statement is **not TRUE** for a Speculator.  
a Expects high rate of return  
b Has longer planning horizon  
c Can take high Risk  
d generally follow technical analysis
- 7 A corporate needs to issue a 5 year bond for raising capital for the first time, in which market would it be listed First?  
a Money Market  
b Secondary market  
c Primary market  
d Debt Market
- 8 Commercial Paper is a Debt market Instrument.  
a TRUE  
b FALSE
- 9 A stock of a large well established Company with a sound financial and topnotch management would fall under which of the below equity category.  
a Growth share  
b Income share  
c Blue-Chip share  
d None of the above
- 10 A life insurance policy with a very low premium and massive cover amount (e.g. 1cr) for a specific term period and with no ROI would fall under which of the below category.  
a Endowment policy

- b Money Back Policy
- c Whole life Policy
- d Term assurance policy

11 Financial Derivatives is a not an asset class but a product.

- a TRUE
- b FALSE

12 Which of the below statement does not fit for Financial Planning.

- a It is an one time activity
- b It helps take sensible decision
- c It helps in achieving financial goals in life
- d It helps to become strategically prepared for any adverse situation

13 Personal Finance management does not deals with which of the below

- a Income and expenditure patterns
- b Estimate of future goals
- c Management of asset and liabilities
- d Asset allocation

14 Selecting the right investment product should specifically depend on

- A Investment objective
- B Risk Profile
- C Both a & b
- D None of a & b

15 The value of Net worth can be calculated

- A Asset+ liabilities
- B Asset- liabilities
- C Total of Assets
- D None of the above

16 Which kind of expenses can the financial planner eliminate first if his client is short of funds during budget preparation.

- A Essential Expenses
- B Mandatory expenses
- c Discretionary expenses
- d All the above

17 If your client has a high risk profile what should be your asset allocation

- a 50% Equity 50% Debt
- b 80% debt- 20% Equity
- c 20% debt- 80% Equity
- d None of the above

18 While doing Insurance planning what all parameters financial planner should consider

- a Liabilities of the client
- b Age of the client
- c Both a & b
- d None of the above

19 Based on Return and risk attributes, financial asset can broadly classified into

- a Equity, Bonds, Cash
- b Equity, Derivative, Bonds
- c Bonds, Derivatives
- d None of the above

20 Which of the below would be classified as growth oriented asset class

- a Bonds
- b Equities
- c Derivatives
- d Real Estate

21 Which of the below would be classified as income oriented asset class

- a Equities
- b Derivatives
- c Bonds
- d Real Estate

22 Considering the risk attributes of Equity, Bond, Cash arrange them in chronological format from highest risk to lowest risk

- a Cash, Bond, Equity
- b Bond, Equity, Cash
- c Equity, Cash, Bond
- d Equity, Bond, Cash

23 Which of the below is used as a hedge against inflation

- a Equity
- b Bond
- c Derivative
- d Gold

24 An asset allocation that is built purely on the needs and preferences of the client would be said as

- a Asset allocation linked to life stage
- b Asset allocation linked to financial goal
- c Strategic Asset allocation (SAA)
- d None of the above

25 For a conservative Client chose which of the below asset allocation you will recommend

- a 50% Equity, 40% Bond, 10% Gold
- b 60% Bond, 20% Equity, 20% Other FI generating assets
- c 60% Gold, 20% Equity, 20% Bond
- d 60% Equity, 30% Bond, 10% Gold

26 If the variance of a given stock is 81, what is the standard deviation

- a 3
- b 9
- c 6
- d 81

27 Calculate the FV in real terms if PV is Rs 900, interest rate is 9% ,inflation rate is 4% and no. of period is 1 year.

- a 931.58
- b 943.27
- c 952.36
- d 907.24

28 How much would you earn if you invest Rs 2000 per month in a recurring deposit yielding 7.5% pa for 4 years

- a 112248.93
- b 111586.06
- c 115238.16
- d 110567.24

29 What is the PV of 20,00,000 which Mr. M will receive after 9 years at retirement if the rate of discounting is 12%

- a 721229.30
- b 722109.76
- c 721220.05
- d 721504.05

30 Under which risk will it fall if there is a labour strike in Maruti Suzuki Ltd

- a Credit Risk
- b Market Risk
- c Default Risk
- d Business Risk

31 If expected rate of return is 18% and Inflation is 5%, calculate real rate of return ( round off to next integer)

- a 12%
- b 13%
- c 23%
- d 18%

32 Which of the below statement is **not TRUE** for Insurance planning.

- a It given protection against the loss of economic benefit
- b Enables transfer of risk from owner to Insurance co
- c The loss arising out of an event would be borne by the Insured person

d in order to cover risk small amount is to be paid as premium

33 The Premium to cover a person of age 22 years would be \_\_\_\_\_

- a Low
- b High
- c Moderate
- d Can't Say

34 Which of the below statement stands **FALSE** for term insurance

- a It is low Premium
- b Insurer gets money after finishing a certain term
- c There is no investment component added to this.
- d The policy gives protection in the event of death

35 For an Endowment plan what would be the payout amount consists of

- a Sum paid in periodic interval
- b Sum assured
- c Sum assured and any accrued bonus
- d None of the above

36 An Insurance policy guarantees you to pay 20% of the sum insured every 5 years till maturity would fall under which of the below category

- a Term Plan
- b Money Back plan
- c Endowment plan
- d None of the above

37 What is VIP in context to insurance policy

- a Variable Insurance Policy
- b Very Important Policy
- c Variable Insurance Product
- d Various Insurance Policy

38 What is ULIP?

- a Unit Link Insurance Plan
- b Unique Life Insurance Plan
- c Universal Life Insurance Plan
- d Unit Link Investment Plan

39 While buying a life cover what all factor the insurer must consider to calculate the total Insured amount

- a Income growth of the individual
- b Retirement age
- c Financial information of spouse and/ or dependent children
- d All the above

40 Why you think the premium for critical illness is higher in nature?

- a Since the insurance cover is for critical illness
- b There is lesser number of exposure units
- c Lesser chance of survival
- d None of the above

41 What is the primary function in retirement planning?

- a To ensure there is sufficient leisure time for Husband and wife
- b To ensure there is sufficient income to meet the expenses.
- c To ensure that you withdraw yourself from active working life.
- d None of the above

42 The money employed to generate income to meet daily expenses in retirement falls under

- a Disbursement stage
- b Distribution stage
- c Accumulation stage
- d Alteration stage

43 In context to expense protection method which of the below is not TRUE

- a Inflation does not have any impact on retirement corpus
- b Home loan Emi is not considered under this method
- c Expenses under medical ground are considered higher
- d Expenses of the person just before retirement are considered

44 Calculate the required annual income at the time of the retirement if monthly income is Rs. 70000, annual rate of income growth is 10% Income replacement ratio is 75% and the person wants to retire at age 55 (Current age 34). Round off to next integer.

- a 6216230
- b 4662160
- c 6216210
- d 5762200

45 Tarun has a monthly expense of Rs. 30000 of which 50% is house hold expenses. He wishes to retire at the Age of 60 ( now age 35). What would be the expected expense per month at the time of retirement if the rate of inflation is 5% pa. **Round off to nearest whole number.**

- a 48000
- b 51000
- c 129000
- d 64400

46 What is the full form of PPF

- a Private Pension Fund
- b Public Provident Fund
- c Public Pension Fund
- d Private Provident Fund

47 Mr. Abhishek has a rental income of Rs 15000 from his flat in Pune, as his tax consultant under which head should you shows it.

- a Income from Salary
- b Income from capital gains
- c Income from house property
- d Income from other sources

48 Dividends and interest from investment in securities and bonds would be shown under

- a Income from Salary
- b Income from capital gains
- c Profits and gains from business or profession
- d Income from other sources

49 Mr. Murthy who is a Resident Indian with PAN Id ADXLC6450M has invested Rs.2 lacs in a 1 year FD @ 6.5% pa. What would be the tax amount he has to pay at the time of maturity?

- a 1300
- b 2600
- c 3900
- d 650

50 Mr. Anil had invested in Tata Motors shares whose market worth Rs. 80000, Tata Motors has declared dividend of 2.5% per share. What would be applicable tax rate for Mr. Anil on his dividend income?

- a 0%
- b 5%
- c 10%
- d 15%

51 Mr. Amir has purchased 5000 shares of Infosys @ 1280 per share on Jan 2015. He decides to sell half of his investment on Feb 2018 @ Rs.1400 Owing to volatility in market, calculate his capital gain tax?

- a 60000
- b 30000
- c 20000
- d No Tax applicable

52 Mr. Ram Iyer has bought a Flat on Jun 2017 and sold the flat after 1.5 years, what tax would be applicable

- a Short term capital gain tax
- b Long term capital gain tax

53 What is STT

- a Short Term Capital Tax
- b Securities Transaction Tax
- c Security Transaction tax
- d Short Term Tax

54 The process of taking decision on how much of the portfolio would be invested in which asset is called

- a Portfolio management
- b Choice of asset mix
- c Risk profiling
- d Investment horizon

55 A portfolio built with an inclination towards bonds and other fixed interest earning assets would be called \_\_\_\_\_

- a Aggressive portfolio
- b Balanced portfolio
- c Active portfolio
- d Defensive portfolio

56 What type of portfolio strategy would be if the portfolio manager picks up Value or growth stocks?

- a Active Strategy
- b Passive Strategy
- c Proactive Strategy
- d None of the above

57 In context to a growth stock which of the below statement is TRUE

- a High Dividend yield
- b Low Price to Book ratio
- c High PE ratio
- d Beta tends to be < 1

58 Review and revising of Portfolio composition i.e. Equity and Bonds ratio is done through

- a Portfolio upgrading
- b Portfolio Rebalancing
- c Portfolio financing
- d Portfolio Execution

59 As per Treynor's Measure Risk Premium is divided by

- a Value of the portfolio
- b Standard Deviation of the portfolio
- c Beta of the portfolio
- d Alpha of the portfolio

60 Which of the below is TRUE for Risk premium

- a It is the difference between Expected Return and Risk free return
- b It is the addition of Expected Return and Risk free return
- c It is the division of Expected Return and Risk free return
- d It is the multiplication of Expected Return and Risk free return