



# Delhi Public School, Howrah

PERIODIC TEST II - (2024-2025)

Class-XI

Care must be taken not to write anything on the question paper. All the questions must be attempted in the correct sequence.

**SUBJECT: FINANCIAL MARKETS MANAGEMENT (CODE-805)**

**Time Allowed: - 3 Hours**

**Maximum Marks - 60**

## General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **24 questions** in two sections – Section A & Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. **Out of the given (6 + 18 =) 24 questions, a candidate has to answer (6 + 11 =) 17 questions in the allotted (maximum) time of 3 hours.**
5. All questions of a particular section must be attempted in the correct order.
6. **SECTION A - OBJECTIVE TYPE QUESTIONS (30 MARKS):**
  - i. This section has 06 questions.
  - ii. There is no negative marking.
  - iii. Do as per the instructions given.
  - iv. Marks allotted are mentioned against each question/part.
7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (30 MARKS):**
  - i. This section contains 18 questions.
  - ii. A candidate has to do 11 questions.
  - iii. Do as per the instructions given.
  - iv. Marks allotted are mentioned against each question/part.

## SECTION A: OBJECTIVE TYPE QUESTIONS

Q.1	Answer any 4 out of the given 6 questions on Employability skills (1 x 4 = 4 marks)	MARKS
I.	What is the primary purpose of effective communication in a professional setting? A) To impress others B) To build relationships C) To achieve clear understanding and productivity D) To entertain colleagues	1
II.	How can language barriers affect communication? A) By enhancing understanding between speakers B) By leading to misinterpretation or confusion C) By making communication more enjoyable D) By reducing the need for non-verbal cues	1
III.	What does the "Converse" step in the CONECT model emphasize? A) Keeping the conversation strictly professional B) Starting with a friendly approach and asking open-ended questions C) Avoiding personal topics D) Talking about your achievements only	1

IV.	What should you do if you meet someone at a networking event who has similar professional interests? A) Ignore them and move on B) Have a brief conversation and not follow up C) Engage in a meaningful conversation and exchange contact information D) Only focus on talking about your own achievements	1
V.	Which menu option in LibreOffice Writer contains commands to save, print, and close a document? A) Insert B) File C) Tools D) Format	1
VI.	To view different parts of a document, such as single page or multipage view, you would use which option in the Status Bar? A) Zoom bar B) Document View options C) Page indicator D) Proofing level	1

<b>Q.2</b>	<b>Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)</b>	
I.	Who is responsible for the safekeeping of physical securities and managing corporate actions in a mutual fund? A) Asset Management Company (AMC) B) Registrar and Transfer Agent (RTA) C) Custodian D) Trustees	1
II.	What is the purpose of the Offer Document (OD) in mutual fund schemes? A) To provide a summary of the fund's performance B) To detail the scheme's objectives, risk factors, and management C) To manage day-to-day fund operations D) To handle investor complaints	1
III.	Why is it advisable to conduct transactions through a SEBI-registered intermediary?	1
IV.	What must happen before an Asset Management Company (AMC) can launch a new mutual fund scheme? A) Approval from the custodian B) Approval from SEBI and the Trustees C) Approval from the investors D) Completion of the KYC process	1
V.	What is required for an investor to participate in a New Fund Offer (NFO)? A) A demat account B) A detailed investment proposal C) KYC compliance D) A recommendation from a financial advisor	1
VI.	What is the Key Information Memorandum (KIM) used for? A) To provide detailed legal and financial information about the mutual fund B) To give an abridged summary of the Offer Document C) To handle investor complaints D) To certify the compliance of the AMC	1
VII.	What is the primary function of the Registrar and Transfer Agent (RTA) in relation to investor transactions? A) To manage the investment portfolio B) To maintain records and process transactions C) To create and launch new schemes D) To oversee compliance with regulatory requirements	1

<b>Q.3 Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)</b>		
I.	When a security is issued at a price above its face value, it is said to be issued at: A) Par Value B) Discount C) Premium D) Book Value	1
II.	In the book building process, what does the 'cut-off price' refer to? A) The minimum price at which bids can be made B) The final price determined for allotment after bids are collected C) The initial price announced before the bidding starts D) The price at which shares are traded in the secondary market	1
III.	<b>Fill in the blank.</b> _____ is a shorter version of the full prospectus that highlights the key information about the securities being offered, accompanying the application form.	1
IV.	What is the role of SEBI in the issuance of securities? A) To recommend specific issues to investors B) To ensure the issuer complies with disclosure requirements and regulations C) To set the final issue price of securities D) To manage the trading of securities in the secondary market	1
V.	What does 'market capitalization' refer to? A) The total value of a company's assets B) The total value of a company's outstanding shares in the market C) The total revenue generated by a company D) The total amount of debt a company holds	1
VI.	Explain the term 'discount' in the context of securities issuance.	1
VII.	What is the main difference between a public issue and a private placement? A) Public issues are made to a select group of investors, while private placements are made to the general public B) Public issues are open to the general public, while private placements are made to a select group of investors C) Private placements involve more disclosure compared to public issues D) Private placements are always at a discount compared to public issues	1

<b>Q.4 Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)</b>		
I.	What does the term 'equity' represent in the context of securities?	1
II.	What should an investor do before making an investment in a mutual fund scheme? A) Ensure that the scheme has a strong historical performance B) Review the Offer Document (OD) or Key Information Memorandum (KIM) C) Consult with multiple financial advisors D) Check the AMC's fee structure	1
III.	When must the Asset Management Company (AMC) dispatch redemption proceeds to investors? A) Within 15 working days B) Within 10 working days C) Within 5 working days D) Within 30 days	1
IV.	How does SEBI oversee public issues?	1
V.	What is a key benefit of trading on a stock exchange? A) Unlimited trading hours B) No need for a broker C) Access to investor protection mechanisms D) Ability to trade directly with issuers	1
VI.	How does the secondary market benefit investors?	1

<b>Q.5 Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)</b>		
I.	What are the two main types of expenses incurred by a mutual fund scheme? A) Administrative and Marketing Expenses B) Initial Issue Expenses and Recurring Expenses C) Operational and Legal Expenses D) Fixed and Variable Expenses	1
II.	What is the expense limit for index schemes, including Exchange Traded Funds? A) 2.00% B) 1.50% C) 2.50% D) 1.75%	1
III.	Which of the following is NOT a feature of Company Fixed Deposits? A) Fixed rate of interest B) Interest payable monthly or quarterly C) Guaranteed return of principal D) Interest tax-free	1
IV.	What is the maximum amount that can be withdrawn from a Public Provident Fund (PPF) account in a given year, starting from the seventh financial year? A) 25% of the balance at the end of the fourth year immediately preceding the year of withdrawal B) 50% of the balance at the end of the fourth year immediately preceding the year of withdrawal C) 75% of the balance at the end of the fourth year immediately preceding the year of withdrawal D) 100% of the balance at the end of the fourth year immediately preceding the year of withdrawal	1
V.	A derivative refers to _____. A) A financial instrument whose value is derived from the value of an underlying asset B) A type of mutual fund C) A form of equity investment D) A type of government security	1
VI.	How often must the audited annual reports be provided to investors? A) Every month B) Every quarter C) Within 6 months from the financial year end D) Within 12 months from the financial year end	1

<b>Q.6 Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)</b>		
I.	What is the primary consequence of high portfolio turnover for a mutual fund scheme? A) Increased Expense Ratio B) Reduced transaction costs C) Higher trading and transaction costs D) Lower investor returns	1
II.	What does the Portfolio Turnover ratio measure? A) The total returns generated by the scheme B) The frequency with which the scheme's investments are bought and sold C) The ratio of income to expenses of the scheme D) The percentage of assets held in cash	1
III.	What is the primary function of the Securities Market?	1
IV.	How is the fee charged by the Asset Management Company (AMC) for managing a mutual fund scheme? A) Directly from the investor's bank account B) As a percentage of the scheme's net assets C) Based on the number of transactions D) As a flat annual fee	1

V.	<b>State whether the following statement is 'true' or 'false'.</b> Real Estate Properties is not considered as a security under the Securities Contracts Regulation Act (SCRA), 1956.	1
VI.	Which of the following is <b>NOT</b> a function of a depository? A) Holding securities in electronic form B) Facilitating the transfer of securities between accounts C) Issuing new securities to the public D) Safeguarding securities	1

## SECTION B: SUBJECTIVE TYPE QUESTIONS

	<b>Answer any 3 out of the given 5 questions on Employability Skills. Answer each question in 20-30 words (2 x 3 = 6 marks)</b>	
Q.7	How can one overcome nervousness when speaking in public? Explain using the 3Ps of public speaking.	2
Q.8	Evaluate the role of feedback in effective communication.	2
Q.9	How can networking impact your personal and professional growth? Provide examples to illustrate your points. (State any two)	2
Q.10	Explain how you would use the spell checker tool in Libre Office Writer to correct spelling errors in a document.	2
Q.11	What are the steps to insert a table into a document using Microsoft Word, and how would you adjust its formatting?	2

	<b>Answer any 3 out of the given 5 questions in 20-30 words (2 x 3 = 6 marks)</b>	
Q.12	How does SEBI ensure that investors receive adequate information about a securities issue? Why is it important to transact through an intermediary in the securities market?	2
Q.13	Who are the three main participants in the securities market? What are the two main segments of the securities market?	2
Q.14	Discuss the advantages of index funds.	2
Q.15	Elucidate the concept of tracking error in index funds.	2
Q.16	Analyse the Impact of Market Conditions on the Performance of Midcap Funds Versus Large-Cap Funds.	2

	<b>Answer any 2 out of the given 3 questions in 30– 50 words each (2 x 3 = 6 marks)</b>	
Q.17	Analyze the significance of a prospectus in the context of an IPO.	3
Q.18	Explain the role and significance of intermediaries in the securities market. How do they facilitate transactions and ensure investor protection?	3
Q.19	What steps should an investor take to invest in the new scheme during the NFO period?	3

Answer any 3 out of the given 5 questions in 50-80 words each (4 x 3 = 12 marks)		
Q.20	Explain the concept of book building in an IPO and how it differs from a fixed price issue.	4
Q.21	Compare and contrast short-term and long-term investment options, and provide recommendations on how an investor should choose between them based on their financial goals and risk tolerance.	4
Q.22	<p>ABC Mutual Fund is planning to launch a new mutual fund scheme. To ensure that the launch adheres to the regulatory framework in India, the management team needs to navigate through the different tiers of the mutual fund structure and regulatory requirements.</p> <p><b>Sponsor: ABC Financial Services Ltd.</b> is a reputed financial services company that has been in business for over 10 years. It has a positive net worth and a good track record in financial services.</p> <p><b>Trustees:</b> Trustee Board of ABC Mutual Fund will be appointed to oversee the fund's operations and ensure compliance with regulations.</p> <p><b>Asset Management Company (AMC): ABC Asset Management Ltd.</b> will manage the new scheme. The AMC has been approved by SEBI and has a Board of Directors with the required independence.</p> <p><b>Custodian:</b> Safe Guard Securities Ltd. will be the custodian for holding the physical securities and ensuring proper safekeeping.</p> <p><b>Registrar and Transfer Agent (RTA):</b> Record Keep Ltd. will handle investor records and transactions.</p> <p><b>New Fund Offer (NFO):</b> The new scheme will be launched soon, and ABC Mutual Fund intends to advertise and distribute the scheme through various channels.</p> <p>a) Describe the roles and responsibilities of each tier in the mutual fund structure (Sponsor, Trustees, AMC, Custodian, and RTA) in the context of launching and managing the new scheme.</p> <p>b) What are the key regulatory requirements that ABC Mutual Fund needs to fulfil before launching the NFO?</p>	4
Q.23	<p>Ms. Sharma is considering investing in either an arbitrage fund or a growth fund. She wants to understand the characteristics of each fund type, especially in terms of their investment strategies, risk profiles, and potential returns.</p> <p>a) Describe the investment strategies, risk profiles, and potential returns of arbitrage funds versus growth funds.</p> <p>b) Based on Ms. Sharma's preference for stable returns and her aversion to high risk, which type of fund would be more appropriate for her?</p>	4
Q.24	Describe the key factors an investor should consider when choosing between sectoral funds and diversified equity funds.	4