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## Mutual fund distributor exam questions and answers

22. It goes directly to the government as a tax. How should investors approach sectoral funds? Fixed amount b. At the end of the financial quarter c. d. No correlation d. C) Holding on to the assets and waiting for them to recover. Three years d. 19. Association of Mutual Funds in India (AMFI) b. C) Investors looking for short-term gains. What is strategic asset allocation? Rs.9.90 b. Load Funds have higher NAVs. b. B) It minimizes risk and maximizes returns. a) To ensure fair pricing for investors b) To maximize profits for the asset management company c) To determine the purity of gold and silver holdings d) To regulate trading of precious metals in the local market 66. In the context of mutual funds, what is suggested about the relationship between NAV and returns? 53. What happens when the asset allocation deviates from the target? Overall market conditions b. What is the purpose of the valuation guidelines issued by SEBI for gold and silver in exchange traded fund schemes? What is the example given in the passage to explain rebalancing? a) Yes, there are no limitations b) No, it is restricted to 10% of its NAV Answers - NISM Mutual fund mock test papers with answers pdf free download d. Monthly b. Can a mutual fund scheme invest in short-term deposits of a bank that has invested in the same scheme? a) Government Securities and treasury bills b) Corporate bonds c) Commercial papers d) Mortgage-backed securities 88. To maximize returns for investors. It exclusively invests in low-load sectors. No, any change in nature is strictly prohibited. What is the maximum limit for parking funds in short-term deposits with scheduled commercial banks for a mutual fund scheme, with the approval of the trustees? B) Market trends, analyst reports, and current events. 50. Quarterly c. a) Yes, higher subscription amounts are charged higher exit loads b) No, all unitholders are charged the same exit load regardless of their subscription amount c) It varies based on the scheme and investment objective d) Only new unitholders are charged exit loads 81. Notify the regulatory authorities only. They must continue with the scheme regardless of their preference. Five years 41. Strictly adhering to the disclosed allocation 25. A) To invest only in low-risk assets B) To invest in a diversified portfolio of stocks and bonds. They have no flexibility and must adhere strictly to the disclosed allocation. A) Making modifications in the asset allocation to restore the target allocation. Exclusively on mutual fund websites c. Consider NAV and scheme management equally. How are upfront commissions to distributors paid? SEBI c. They can exit the scheme at the prevailing NAV without any exit load. Unpredictable correlation 39. a) Yes, there are no restrictions on such investments b) No, a scheme cannot invest in short-term deposits of a bank invested in the scheme c) Yes, but only up to 5% of the scheme's net assets d) Yes, but only up to 10% of the scheme's net assets 98. No-load Funds provide guaranteed returns. They can exit the scheme with a reduced exit load. To follow market trends without considering defensive strategies. Approval from the stock exchange c. RBI (Reserve Bank of India) c. a) Yes, a management fee is applicable b) No, no management fee is charged for such investments c) The management fee is waived for the first six months 32. Is rebalancing required for strategic asset allocation only? How is the gold held by a gold exchange traded fund scheme valued? C) To take advantage of opportunities presented by various markets at different points in time. 52. a) RBI b) SEBI c) IRDAI d) PFRDA 79. Bi-weekly 32. b) The portfolio should be rebalanced to restore the target asset allocation. C) Personal preferences, social media, and news headlines. Under what condition can a mutual fund scheme invest in mortgage-backed securities? It is allocated for marketing and distribution expenses. a) Yes, there are no restrictions on such investments b) No, a scheme cannot invest in short-term deposits of a bank invested in the scheme c) Yes, but only up to 5% of the scheme's net assets d) Yes, but only up to 10% of the scheme's net assets 93. 64. Give more weightage to scheme management than lower NAV. a) Based on the daily silver prices in the local market b) Based on the AM fixing price of the London Bullion Market Association (LBMA) c) Based on the spot price of silver in New York Stock Exchange d) Based on the average price of silver across multiple global exchanges 61. What was the difference between the Sale Price and NAV in the past? Performance of the respective industries c. In financial newspapers and research agencies' reports c b c c b c) three years b A) A process of allocating money across different asset categories to achieve an objective. NAV is irrelevant; consider other factors. Financial Summary Document (FSD) 6. It covers the fund manager's salary. A) The portfolio should be rebalanced to restore the target allocation. C) It guarantees a fixed rate of return. Half-yearly c. How do some schemes with assured returns operate, as mentioned in the information? What is considered fundamental attributes of a mutual fund scheme, according to the information provided? Lower NAV d. Every year b. In which year was the Securities and Exchange Board of India (SEBI) Act passed? Only invest in sectors related to technology and software 11. What characterizes a Load Fund in the context of mutual funds? 29. How frequently are the Net Asset Values (NAVs) of open-ended schemes disclosed? B) It maximizes returns in a short period of time. Full guarantee by the sponsor or AMC, disclosed in the offer document d. Higher number of units 37. Rs.11.00 16. They can only increase the percentage of the fund in equity instruments. It charges a percentage of NAV for entry or exit. It offers guaranteed returns regardless of market conditions. a) They must be rated below investment grade b) They must be issued by a government entity c) They must be rated not below investment grade d) They must be listed on the stock exchange 89. To assist investors in making informed decisions b. Memorandum of Understanding (MOU) b. a) Reserve Bank of India (RBI) b) London Bullion Market Association (LBMA) c) Securities and Exchange Board of India (SEBI) d) New York Stock Exchange (NYSE) 63. 1992 b c b. Rs.10.10 c. 1985 b. A) An approach to maintain a target allocation across various asset categories. Key Information Memorandum (KIM), Scheme Information Document (SID), and Statement of Additional Information (SAI) c. a) They are deducted from the NAV of the scheme b) They are paid directly by the AMC to the distributor c) They are collected as a separate load from investors d) They are paid by the investor directly to the scheme 84. Key Investment Summary (KIS) c. a) They increase the overall cost for the investor b) They decrease the overall cost for the investor c) They depend on the type of transaction charges d) They have no impact on the cost for the investor 86. a) 7 business days b) 15 business days c) 30 business days d) 60 business days 57. What is the difference between the NAV and re-purchase Price called? Where can investors access the NAVs of all mutual funds? What is the purpose of tactical asset allocation? What is the current relationship between the Sale Price and NAV? They assure returns for the entire period without any review. B) An approach to dynamically change the allocation between the asset categories. A) An approach to dynamically change the allocation between the asset categories. Investment Summary (IS), Fund Information Guide (FIG), and Additional Scheme Insights (ASI) 4. Where can investors find various studies on mutual fund schemes, including yields and performance rankings? 26. Inform the unitholders and provide an option to exit the scheme at the prevailing NAV without any load. They can only exit if they provide written consent. A) Making modifications in the asset allocation to restore the target allocation. It is distributed among existing investors. Rs.10.00 c. AMFI (Association of Mutual Funds in India) b. B) A process of buying and selling stocks to maximize returns. Both the loads and the performance track record. Rs.11.00 14. 21. What flexibility do fund managers have in altering asset allocation according to the information provided? Two years c. a) When the various asset categories go through market cycles of ups and downs b) When the investor's situation changes and their needs or risk appetite might have changed c) Both a and b d) None of the above 54. What is the currency used for valuing gold and silver in exchange traded fund schemes? Mutual fund investors c. a) It should be lower than the NAV b) It should be higher than the NAV c) It should be equal to the NAV d) It should be a fixed percentage of the NAV 80. a) They are available for the AMC to bear selling expenses b) They are distributed to unitholders as additional dividends c) They are credited back to the scheme immediately d) They are used to cover regulatory charges and taxes 83. Yes, without any communication to unitholders. The performance track record and service standards only. To attract inexperienced investors 3. 28. 43. A) It makes the investor buy low and sell high. Why do open-ended debt funds need to maintain a minimum of 10% of their corpus in liquid assets? A) No, it is required for tactical asset allocation as well. What should be done with the exit loads collected in a scheme? In the context of sectoral funds, what is the primary determinant of returns for investors? Key Information Memorandum (KIM) c b. Are exit loads applicable to bonus units and units allotted on reinvestment of dividends? a) 10% of the net assets of the scheme b) 15% of the net assets of the scheme c) 20% of the net assets of the scheme d) 25% of the net assets of the scheme 99. In financial newspapers and research agencies' reports 35. To assess the scheme's track record c. On the scheme's inception date 34. 44. To attract more sponsors 40. NISM VA Mock Test 100 Question Free [ NISM VA Mutual Fund Distributor Mock Test Question Free PDF 1. Websites of the Association of Mutual Funds in India (AMFI) d. To impress sophisticated investors c. If the NAV of a scheme is Rs. 11 per unit and it charges an exit load of 1 percent, what would be the re-purchase Price? a) Based on the daily gold prices in the local market b) Based on the AM fixing price of the London Bullion Market Association (LBMA) c) Based on the spot price of gold in New York Stock Exchange d) Based on the average price of gold across multiple global exchanges 59. The fund's marketing strategy. To guarantee better returns b. A) It restores the target asset allocation and helps achieve the investor's objective. What is the primary objective of presenting information in the offer document in a clear, concise, and easily understandable manner? Invest for the long term without monitoring sector performance b. a) The ongoing facility to acquire new units b) The restriction on acquiring new units c) The absence of entry and exit loads d) The fixed Sale Price and re-purchase Price 69. Who is tactical asset allocation suitable for? a) 5% b) 10% c) 12% d) 15% 87. It does not charge for entry or exit. How do transaction charges affect the cost for the investor? Why might a fund manager change asset allocation on a short-term basis, according to the information? Government policies 10. B) Novice investors with limited funds. What is the distinctive feature of open-ended schemes? What action must a mutual fund take if it wants to change asset allocation on a permanent basis, as per the information? Which market association's fixing price is used for valuing gold and silver in exchange traded fund schemes? In which year was the Unit Trust of India established, becoming the first mutual fund in India? Which type of asset allocation approach is typically suitable for seasoned investors operating with a large investible surplus? How is the charge in a Load Fund typically utilized by the mutual fund? To comply with legal regulations b. 17. 15. NAVs for the last six months d. NAVs have no relevance; consider other factors. Maximizing short-term profits b. 1980 8. Daily c. High market volatility b. Regulatory authorities b. To strictly adhere to the disclosed allocation. A percentage of the initial investment 42. The presence of entry and exit loads only. 12. c) Both a and b A) No, it is required for tactical asset allocation as well. They can change asset allocation based on market trends for short-term defensive considerations. 1955 b. What is the purpose of entry and exit loads? C) An approach to invest only in stocks. In what time frame are mutual funds required to publish their performance results, including returns/yields? a) Entry load b) Exit load c) Sale Price d) Market price 73. Which document serves as the concise version of the Scheme Information Document (SID)? What is the key distinction between Load Funds and No-load Funds? What characterizes a No-load Fund? What is the purpose of providing the financial performance, including the net worth of the sponsor, in the offer document? a) 990.0 parts per thousand b) 995.0 parts per thousand c) 999.9 parts per thousand d) 999.0 parts per thousand 60. They provide guaranteed returns based on daily market fluctuations. Percentage of expenses of total assets and other relevant information c. C) An approach to invest only in bonds. Only in newspapers b. Inform the unitholders in writing and advertise the change in newspapers. 45. Any change in the investment pattern. Only on AMFI's website d. 36. Focus solely on NAV for better returns. Ministry of Corporate Affairs d. Why is rebalancing important? In the provided scenario, what amount do investors receive per unit when offering their units for repurchase in a Load Fund with a 1% exit load? Only the ranking of various schemes 33. C) No, rebalancing is not required for any type of asset allocation. A) It restores the target asset allocation and helps achieve the investor's objective. 51. The fund's track record and service standards. Which type of debt instruments are exempt from the investment limit mentioned in the previous question? Scheme availability b. To determine the NAV d. The language of communication with unitholders. At the end of the year d. Change attributes without notifying anyone. Key Information Memorandum (KIM) d. It requires investors to pay additional charges on purchase or sale. No action is required; the fund can change allocation freely. It exclusively invests in high-load sectors. Can a mutual fund scheme charge a management fee for investments parked in short-term deposits? True or False: The value of gold and silver in exchange traded fund schemes is determined by the local market prices. Higher NAVs always indicate better performance. What is the fitness requirement for silver held by a silver exchange traded fund scheme? a) Yes, exit loads are charged on all units b) No, exit loads are not charged on bonus units and units allotted on reinvestment of dividends c) Exit loads vary for bonus units and units allotted on reinvestment of dividends d) Exit loads are charged at a discounted rate for bonus units and units allotted on reinvestment of dividends 82. Regular review and change of return structure 20. a) Sale Price is higher than NAV b) Sale Price is lower than NAV c) Sale Price is equal to NAV d) Sale Price is determined separately from NAV 72. Direct correlation b. Only on the websites of mutual funds c. A) Financial goals, time horizon, and risk profile. a) New York Stock Exchange (NYSE) b) London Stock Exchange (LSE) c) London Bullion Market Association (LBMA) d) Bombay Stock Exchange (BSE) 67. A) Seasoned investors operating with a large investible surplus. A) Selling some part of the investment in asset A and buying some in asset B. The government regulations associated with the fund. B) Selling all the assets and investing in a new portfolio. 24. Annually 30. b. They guarantee returns only for a certain period, irrespective of market conditions. The location of the head office. What is the benefit of rebalancing? What is a crucial requirement for a scheme that promises assured returns, as per the provided information? Quarterly d. What action must a mutual fund take if it intends to change fundamental attributes of a scheme? a) They increase the NAV per unit b) They decrease the NAV per unit c) They have no impact on the NAV per unit d) They depend on the type of transaction charges 85. a. The fund's association with government bodies. A) The portfolio should be rebalanced to restore the target allocation. Mutual Fund Memorandum (MFM), Scheme Information Leaflet (SIL), and Additional Information Statement (AIS) d. 10. 23. Rely solely on expert advice for investment decisions c. What should investors prioritize, for potentially higher returns? 48. Who prepares the Key Information Memorandum (KIM), Scheme Information Document (SID), and Statement of Additional Information (SAI)? a) Exit load b) Entry load c) Repurchase Price d) Market price 70. What is the current requirement for the Sale Price in mutual fund schemes? Protecting the Net Asset Value (NAV) c. Can a mutual fund alter the nature of a scheme as specified in the offer document? The daily circulation of newspapers. C) Investing only in high-risk assets. Sum based on prevailing NAV c. Interest rate fluctuations d. 68. What is the correlation between the sponsor's net worth and the likelihood of better returns? 46. A) Seasoned investors operating with a large investible surplus. In a Load Fund with an NAV per unit of Rs.10 and 1% entry and exit loads, how much would an investor pay to buy units? Asset Management Company (AMC) c. When should an investor rebalance their portfolio? Change the allocation without notifying unitholders. What is asset allocation? What are the three important documents related to mutual fund schemes? a) 5% b) 10% c) 15% d) 20% 94. They can only change asset allocation on a permanent basis. What is the fitness requirement for gold held by a gold exchange traded fund scheme? B) An approach to maintain a target allocation across various asset categories. a) Corporate bonds b) Commercial papers c) Government Securities d) Mortgage-backed securities 96. What is the primary consideration for investors when evaluating a Load Fund? What is tactical asset allocation? C) It minimizes losses in a bear market. In financial newspapers and research agencies' reports 31. Only when there are major market fluctuations 7. What should investors consider while making investments in Load Funds? A) An approach to maintain a target allocation across various asset categories. What is the maximum limit for parking funds in short-term deposits with scheduled commercial banks for a mutual fund scheme? For how many years is the financial performance, including the net worth of the sponsor, required to be given in the offer document? Which regulatory body has banned entry loads in mutual fund schemes? What right do unitholders have if they do not wish to continue with a scheme after a change in fundamental attributes? In altering asset allocation, what is the primary consideration for fund managers according to the information? B) The investor should hold on to the assets and wait for them to recover. Can a mutual fund scheme invest in unlisted debt instruments, including commercial papers? How is the silver held by a silver exchange traded fund scheme valued? Rs.10.10 d. Rs.9.90 a. To assist investors in making informed decisions d. What is the impact of transaction charges on the NAV per unit? Inverse correlation c. c) 30 business days b) Tactical asset allocation b) Based on the AM fixing price of the London Bullion Market Association (LBMA) b) 995.0 parts per thousand b) Based on the AM fixing price of the London Bullion Market Association (LBMA) d) 999.0 parts per thousand c) Securities and Exchange Board of India (SEBI) False b) US Dollars (USD) a) To ensure fair pricing for investors c) London Bullion Market Association (LBMA) True a) The ongoing facility to acquire new units b) Entry load a) Rs. 11.00 c) Sale Price is equal to NAV b) Exit load d) Rs. 10.89 d) To ensure fair pricing for buying and selling units b) Entry loads are not permitted a) Exit loads are permitted b) To incentivize investors to hold their units longer b) SEBI c) It should be equal to the NAV b) No, all unitholders are charged the same exit load regardless of their subscription amount b) No, exit loads are not charged on bonus units and units allotted on reinvestment of dividends c) They are credited back to the scheme immediately b) They are paid directly by the AMC to the distributor c) They have no impact on the NAV per unit a) They increase the overall cost for the investor b) 10% a) Government Securities and treasury bills c) They must be rated not below investment grade b) No, mutual funds are prohibited from investing in unlisted debt instruments b) 15% of the net assets of the scheme b) No, no management fee is charged for such investments b) No, a scheme cannot invest in short-term deposits of a bank invested in the scheme b) 10% b) No, they are exempt from the minimum liquidity requirement c) Government Securities b) 10% b) No, a scheme cannot invest in short-term deposits of a bank invested in the scheme c) 20% of the net assets of the scheme b) To meet regulatory requirements for liquidity management b Get NISM SERIES 5A CHAPTER WISE Question Bank with Answer Key NISM mutual fund mock test papers with answers pdf free download Click Here NISM Mock Test NISM Workbook NISM Free Mock Test Mobile App Login 1988 c. a) Rs 11.00 b) Rs 11.10 c) Rs 11.11 d) Rs 11.01 71. According to SEBI regulations, can a scheme invest in short-term deposits of a bank that has invested in the same scheme? What is the maximum percentage of NAV that a mutual fund scheme can invest in debt instruments issued by a single issuer? 49. The presence of entry and exit loads. Seek approval from the stock exchange. a) Indian Rupees (INR) b) US Dollars (USD) c) British Pounds (GBP) d) Euro (EUR) 65. What happens when an investor's current asset allocation deviates from the target allocation? Load Funds have lower management fees. How often are offer documents required to be revised and updated according to the current regulations? 13. What factors are considered in strategic asset allocation? a) To discourage investors from buying units b) To increase the NAV of the scheme c) To compensate for the administrative costs d) To ensure fair pricing for buying and selling units 75. Seek approval from the regulatory authorities. Yes, with proper communication to unitholders. 55. Can a mutual fund scheme invest more than 10% of its NAV in the equity shares and equity-related instruments of a company? a) Rs. 10.90 b) Rs. 11.00 c) Rs. 11.01 d) Rs. 10.89 74. 1992 9. a) Strategic asset allocation b) Tactical asset allocation c) Both a and b d) None of the above 58. a) To maximize returns for investors b) To meet regulatory requirements for liquidity management c) To encourage investment in government securities d) To minimize risks associated with debt investments 100. Sum based on scheme popularity d. a) 5% b) 10% c) 15% d) 20% 97. 38. 1963 c. True or False: The valuation guidelines for gold and silver are subject to the conditions mentioned in SEBI (MF Regulations), 1996. a) To discourage investors from holding their units longer b) To incentivize investors to hold their units longer c) To increase the load for all investors uniformly d) To maximize the load collected by the AMC 78. 18. What do mutual funds pay to unitholders in the case of winding up a scheme? 1972 d. No-load Funds do not charge for entry or exit. C) The investor should sell all the assets and start a new portfolio. What is the purpose of calibrating the load in a mutual fund scheme? SEBI (Securities and Exchange Board of India) 2. Asset Management Company (AMC) d. a) Yes, there are no restrictions on such investments b) No, mutual funds are prohibited from investing in unlisted debt instruments c) Yes, but only up to 5% of the debt portfolio of the scheme d) Yes, but only up to 10% of the debt portfolio of the scheme 90. In the process of launching a new mutual fund scheme, which regulatory body in India plays a crucial role in approving and regulating the prospectus or Offer Document? c. 27. a) Exit loads are permitted b) Exit loads are not permitted c) Exit loads vary based on market conditions d) Exit loads are decided by the investors 77. a) Yes, they have to maintain the same minimum liquidity as open-ended debt funds b) No, they are exempt from the minimum liquidity requirement c) Liquid funds have to maintain a higher minimum liquidity than open-ended debt funds d) Overnight funds have to maintain a lower minimum liquidity than open-ended debt funds 95. If the NAV of a scheme is Rs 11.00 per unit and it charges an entry load of 1 percent, what would be the Sale Price? Only on financial newspapers b. To protect the Net Asset Value (NAV). Half-yearly b. What is rebalancing? One year b. B) Yes, it is required for strategic asset allocation only. What is the maximum percentage of the debt portfolio that a mutual fund scheme can invest in unlisted non-convertible debentures? What additional details are investors advised to look into in the half-yearly results of mutual funds? What is the current policy regarding entry loads? Who issues the valuation guidelines for gold and silver in exchange traded fund schemes? KIM, SID and SAI c. a) Entry loads are permitted b) Entry loads are not permitted c) Entry loads vary based on market conditions d) Entry loads are decided by the investors 76. A) It makes the investor buy low and sell high. What is the minimum percentage of corpus that open-ended debt funds must maintain in liquid assets? a) 10% of the net assets of the scheme b) 15% of the net assets of the scheme c) 20% of the net assets of the scheme d) 25% of the net assets of the scheme 91. Ignoring the interests of investors d. A) A process of allocating money across different asset categories to achieve an objective. what should investors consider regarding NAVs of similar type schemes from different mutual funds? When are mutual funds required to send the annual report or abridged annual report to unitholders? Only returns/yields over different periods b. Once in two years d. Keep a watch on the performance of specific industries and exit at an appropriate time d. What is SEBI's mandated rebalancing period for all schemes other than Index Funds and Exchange Traded Funds? C) A process of investing in a single asset class. a) 995.0 parts per thousand b) 995.0 parts per thousand c) 999.9 parts per thousand d) 999.0 parts per thousand 62. Lower NAVs guarantee higher returns. a) The portfolio should be left unchanged b) The portfolio should be rebalanced to restore the target asset allocation c) The investor should invest more money in the underperforming asset category d) None of the above 56. Are there any distinctions made among unitholders based on the amount of subscription when charging exit loads? Choose schemes with the highest NAV for better outcomes. 1990 d. Stock exchanges 5. Are liquid and overnight funds required to meet the minimum liquidity requirement mentioned in the previous question? Key Information Document (KID), Scheme Information Document (SID), and Statement of Additional Information (SAI) b. 47. 1963 d. They review and change assured returns annually. It provides free entry and exit for investors. What is the current policy regarding exit loads? Yes, but only after obtaining approval from the regulatory authorities. No-load Funds do not charge for entry or exit c b c b d b b b. Which of the following debt instruments can a mutual fund scheme invest in without any investment limit? Professional management c.

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