

B.C.M.SCHOOL,BASANT AVENUE, LUDHIANA

X IFM Sep. Assignment Ans.Key

1. How will you calculate NAV?

NAV (Net Asset Value) = (Total Assets – Total Liabilities) ÷ Number of outstanding units.

It is the per-unit value of a mutual fund or ETF.

2. What has been the average return on equities in India?

Historically, equities in India have provided 12–15% average annual return over the long term (depending on the index and time horizon).

3. What is contract note?

A contract note is a legal document issued by a stockbroker to an investor after executing a trade, serving as proof of purchase or sale of securities. It contains details like date, price, quantity, brokerage, and charges.

4. What is custodian?

A custodian is a financial institution that holds securities on behalf of investors, ensuring their safety and facilitating settlement of trades.

5. What is the role of the secondary market?

Provides liquidity to investors.

Enables price discovery of securities.

Offers an exit route for investors.

Ensures transparency and regulation in trading.

6. How does an investor get access to internet-based trading facility?

By opening a trading account with a registered broker who offers online platforms.

The investor also needs a Demat account for holding securities electronically and must use secure login credentials to trade online.

7. Differentiate between ADR & GDR

Basis ADR (American Depositary Receipt) GDR (Global Depositary Receipt)

Market	Traded in U.S. stock exchanges	Traded in multiple international markets (e.g., Europe, Asia)
Currency	Denominated in U.S. Dollars	Denominated in USD or Euros
Investors	Only U.S. investors	Global investors
Regulation	SEC (U.S. Securities and Exchange Commission)	International regulations

8. What are the advantages of book building through the NSE system?

Efficient, transparent, and automated process.

Investors get fair allotment based on demand.

Reduces time for IPO issue process.

Provides real-time data on demand at various price levels.

9. Differentiate between rights issue and preferential issue

Basis	Rights Issue	Preferential Issue
Offered to	Existing shareholders only	Select group of investors
Price	Usually at a discount	May be at market price or discount
Objective	To raise additional capital from current owners	To bring in strategic investors or financial institutions

10. What are the various short term and long term investment options?

✓ Short-term options (less than 3 years):

Savings account, Fixed deposits, Treasury bills, Liquid mutual funds, Commercial papers.

✓ Long-term options (more than 3 years):

Equity shares, Mutual funds (equity/debt), Public Provident Fund (PPF), National Pension Scheme (NPS), Real estate, Bonds.

