



Register Number:

Date: 11-01-2021

ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

M.COM - I SEMESTER

SEMESTER EXAMINATION: NOVEMBER 2020

MCO7420- PERSONAL FINANCE

Time- 2 1/2 hrs

Max Marks-70

This paper contains two printed pages and four parts

SECTION-A

**Answer any TEN of the following questions. Each question carries two marks.
(10x2=20)**

- 1) Differentiate between savings & Investment.
- 2) State the Characteristics of Investment.
- 3) What are crypto currencies?
- 4) State the types of Provident Funds.
- 5) What is Investor Life Cycle?
- 6) State any four suitable investment options for a retired person.
- 7) What is a floater?
- 8) What is Keyman Insurance?
- 9) What is mental accounting?
- 10) What is disposition effect?
- 11) Differentiate between systematic & unsystematic risk.
- 12) What is Risk appetite?

SECTION- B

Answer any THREE of the following questions. Each question carries five marks. (3x5=15)

- 13) Explain the factors to be considered in a Client data collection process.
- 14) Differentiate between Investment & Speculation.
- 15) Discuss the common mistakes in Investments made by Indians.
- 16) Explain the Prospect Theory.

17) Discuss the insurance claim procedure.

Answer any TWO of the following questions. Each question carries TEN marks. (2x10=20)

18) Explain the psychological biases of an Investor.

19) What is financial planning? Explain the financial planning process.

20) Discuss the different investment avenues available for tax saving purposes.

SECTION -D

Answer the following compulsory question. The question carries fifteen marks. (1x15=15)

21) Mr. Frank (aged 31 years) and Mrs. Roseline Frank (Age 29 years) married with two kids, Paul (Male, 6 years) and Jennifer (Female, 4 years). Mr. Frank is a Software Engineer at Beta Technologies earning a monthly salary of Rs. 75,000 and Mrs. Roseline Frank is a Home Maker. Their monthly savings after meeting essential expenses is Rs. 28,000 (approximately). The following is the summary of their financial intentions:

- To buy a house
- Providing for children education (7-10 years)
- Tax savings
- Sufficient liquid cash to meet emergencies.

Task:

- a) As a Financial advisor, explain to Mr. Frank the various schemes of Mutual funds and recommend the suitable scheme applicable for him. (6 marks)
- b) Suggest a suitable Insurance policy for Mr. Frank & family and justify your choice. (6 marks)
- c) Construct a portfolio showing various avenues of investments apart from mutual funds as an option and show the % of allocation to each avenue based on the Mr. Frank's Profile. (3 marks)