

KLE Society's
Lingaraj College, Belagavi
(Autonomous)

Department of **BBA : IV Semester**

Mutual Funds I
(w.e.f. 2018 – 19 and onwards)

Teaching hours per week – 04 :	Maximum Marks	:	100 Marks
	Semester End Examination	:	70 Marks
	Internal Assessment	:	30 Marks

Course Outcome:

At the end of this course students will be able to:

1. Know the basics of mutual funds, their role and structure, different kinds of mutual fund schemes and their features
2. Understand the channels for mutual funds distribution
3. Understand the legalities, accounting, valuation and taxation aspects underlying mutual funds and their distribution.
4. Get acquainted with financial planning as an approach to investing in mutual funds, as an aid for mutual fund distributors to develop long term relationships with their clients.

Syllabus

Modules	Syllabus	HOURS
Module 1	Concept and Role of a Mutual Fund <ul style="list-style-type: none">● Concept & Function of a mutual fund● Advantages and limitations of a mutual fund● Investment objectives, Marking to market● Unit capital, Assets under management (AUM)● Fund running expenses, Net asset value (NAV)● Brief history of mutual funds in India● Closed end funds and open ended funds● Categorization of funds by investment objective , Investing Horizon & Asset Class● International funds, Fund of Funds, Exchange Traded Funds (ETF)	10
Module 2	Fund Structure and Constituents, Legal & Regulatory Environment Structure of mutual funds in India and related regulations <ul style="list-style-type: none">● Role of the sponsor, trustee and Asset Management Company (AMC) and related regulations	08

	<ul style="list-style-type: none"> ● Role of other fund constituents and related regulations ● Role & Functions of regulators in India-SEBI,SRO,AMFI ● AMFI Code of Ethics ● Investment restrictions and related regulations ● Investor rights and obligations 	
Module 3	<p>Offer Document, Fund Distribution and Sales Practices</p> <ul style="list-style-type: none"> ● Regulations with respect to drafting and filing of an Offer Document for NFO ● Process of NFO and steps involved in marketing an NFO ● Objectives of information disclosure in an offer document-SAI,SID,KIM ● Types of investors and eligibility ● Distribution channels for mutual funds ● Pre-requisites to become a mutual fund distributor ● Key elements of agreement between distributor and a mutual fund ● Sales practices and commission structure ● Types of commissions and transaction charges ● AMFI Code of Conduct ● Process for KYD 	08
Module 4	<p>Accounting, Valuation and Taxation,Investor Services</p> <ul style="list-style-type: none"> ● Computation of net assets and NAV-Announcement & Factors affecting NAV ● Pricing of transactions in a mutual fund ● Time-stamping of transactions,Charging of expenses ● Key accounting and reporting requirements ● Valuation process carried out by mutual funds ● Applicability of Taxes,Dividend Distribution Tax ● Taxability of dividends and capital gains in the hands of a mutual fund investor ● Applicability of Securities Transactions Tax based on type of transaction and scheme ● Setting off gains and losses under Income Tax Act ● KYC requirements &Demat Account concept ● Process related to fresh, additional purchase and redemption in a mutual fund ● Contents and periodicity of Statement of account ● Process for Nomination and Pledge ● Types of Investment options - dividend, growth and dividend re-investment ● Processes related to systematic investment,systematic withdrawals and transfers ● Processes related to other investor services and facilities 	10
Module 5	<p>Risk, Return and Performance of Funds,Scheme Selection,</p> <ul style="list-style-type: none"> ● Return on investment-Calculation of simple, annualized and compounded returns ● Applicability of returns for different types of funds ● SEBI norms for return representation of mutual funds in India ● Factors that may affect mutual fund performance 	10

	<ul style="list-style-type: none"> ● Risks in different type of mutual funds-Classification based on risk ● Process for Benchmarking of performance ● Steps in selecting & evaluation equity funds, debt funds, Money market fund, Balanced fund & factors impacting their performance ● Sources of data to track mutual fund performance ● Classification of assets into physical and financial assets- Features 	
Module 6	<p>Financial Planning, Recommending Model Portfolios and Financial Plans Basics of financial planning-Financial Goals, Investment Horizon</p> <ul style="list-style-type: none"> ● Objective, Benefits & Need for financial planning ● Life cycle and wealth cycle in financial planning ● Tools to categorize investors' needs ● Risk profiling ● Asset allocation and types ● Importance and steps for developing a model portfolio 	08

TEXT BOOKS:

1. Taxmann's Mutual Fund Distributors
2. Indian Mutual Funds Handbook (5th Edition)

REFERENCE BOOKS:

1. The Mutual Fund Industry by R.Glenn Hubbard
2. Mutual Funds -Ladder to wealth creation by Vivek Negi
3. Common Sense on Mutual Funds :New Imperatives for the Intelligent Investor by John.C .Bogle