



SEBI MODIFIES NAV RULES FOR MUTUAL FUNDS



NET
ASSET
VALUE

WHAT IS NAV

Net asset value (NAV) represents a fund's per unit market value.

This is the price at which investors buy fund units from a fund company or sell it back to the fund house.

It is calculated by dividing the total value of all the assets in a portfolio, minus all its liabilities.

NAV CALCULATION

NAV calculation is impossible during market hours as the price of the underlying holdings changes every minute.

NAV is calculated at the end of every market day, after taking into account the closing market prices of the securities that the fund or scheme holds.

APPLICABLE NAV

INVESTMENT UP TO ₹2 Lakhs

At present an investment up to ₹2 lakh gets the NAV of the same day if the application is submitted before 1pm, irrespective of realization of funds.

If the investment application is made after the cut-off time, the investor will get the next day's NAV.

APPLICABLE NAV

INVESTMENT OVER ₹2 Lakhs

Investors get the NAV of the day when the funds reaches the mutual fund house.

Eg: If application to invest ₹3 lakh is submitted before 1pm on Monday and the investment amount reaches the AMC on the next day - Purchase NAV would be that of Tuesday.

APPLICABLE NAV

LIQUID AND OVERNIGHT FUNDS

The cut-off time for these category of debt schemes is 12:30pm and the investor will get the NAV of the day when the funds are realized i.e. when the funds reaches the mutual fund house.

CHANGE IN RULE

From 1 January 2021, all investments will fetch the NAV of the day when the funds reaches the AMC, irrespective of the size and time of receipt of such application.

There is no change in the rules for liquid and overnight funds.