

Calculation of NAV

The Net Asset Value (NAV) of a mutual fund is the price at which units of a mutual fund are bought or sold. It is the market value of the fund after deducting its liabilities. The value of all units of a mutual fund portfolio are calculated on a daily basis, from this all expenses are then subtracted. The result is then divided by the total number of units the resultant value is the NAV. NAV is also sometimes referred to as Net Book Value or book Value.

For example:

The portfolio has ₹ 5,00,00,000 of investments, based on the day's closing prices for each individual asset. It also has ₹ 55,00,000 of cash and cash equivalents on hand, as well ₹ 25,00,000 in total receivables. Accrued income for the day is ₹ 75,000. The fund has ₹ 53,51,000 in short-term liabilities and ₹ 12,95,000 in long-term liabilities. Accrued expenses for the day are ₹ 3,000. Bank transaction charges for the day are ₹ 2,000. The fund has ₹ 50,00,000 units outstanding.


The Net Asset Value (NAV) is calculated as:

$$\begin{aligned} \text{NAV} &= ((\text{₹ } 5,00,00,000 + \text{₹ } 55,00,000 + \text{₹ } 25,00,000 + \text{₹ } 75,000) - (\text{₹ } 53,51,000 + \\ &\text{₹ } 12,95,000 + \text{₹ } 3,000 + \text{₹ } 2,000)) / \text{₹ } 50,00,000 \\ &= (\text{₹ } 5,80,75,000 - \text{₹ } 66,51,000) / \text{₹ } 50,00,000 = \text{₹ } 10.2848 \end{aligned}$$

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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