

Net Asset Value (NAV) Simplified

(Mutual Funds are bought and sold at their NAV)



So, what's NAV?

NAV is the price per unit of a Mutual Fund like the price per share of a company. It measures how much each unit of a mutual fund is worth.

$$\text{NAV} = \frac{\text{Assets} - \text{Liabilities}}{\text{Number of Units}}$$

Assets

Assets includes market value of scheme investment and current assets including Accrued Income

Liabilities

Liabilities include current liabilities and provisions including accrued expenses like management fees, custody charges, commission to distributors & brokers, marketing expenses etc

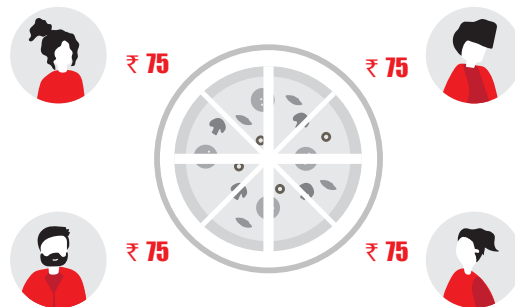
Number of Units

Total number of units issued by the Mutual Fund Company till date.

Let's Understand This With An Example.

You and your three friends decided to pool in ₹150 each to buy a large pizza costing ₹600

Each friend got 2 slices each from that pizza, thus the unit cost of each slice comes at ₹75 (₹600 pizza divided in 8 slices).



Now Just Replace The Pizza With A Mutual Fund

Let's assume there is a mutual fund scheme with total assets under management (AUM) of ₹600 with 8 outstanding units

The scheme had 4 investors who held 2 units each Thus the NAV of the fund comes at ₹75 (₹600 AUM divided by 8 outstanding units).



NAV is Calculated Everyday -
NAV of Mutual Fund Scheme changes every trading day since market value of securities it holds changes every trading day.

Busting the Myth -
"One should invest in a scheme with a lower NAV" Let's assume there is a scheme A whose NAV is ₹50 and a scheme B whose NAV is ₹100. You invest ₹10,000 in each fund

<p>200 Units bought</p>	<p>50 Buy NAV (₹)</p>	<p>100</p>	<p>Units bought 100</p>
$= \frac{10,000 \text{ Investment}}{50 \text{ NAV}} = \frac{10,000 \text{ Investment}}{100 \text{ NAV}} =$			

After 1 year, if portfolio value increases by 20% for both the schemes, then

<p>12,000 Value of Investment (₹)</p>	<p>200 units x 60 NAV (50 x 20% + 50 = 60 NAV)</p>	<p>100 units x 120 NAV (100 x 20% + 100 = 120 NAV)</p>	<p>Value of Investment (₹) 12,000</p>
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Thus, low NAV does not signify that the scheme is under priced and vice versa. What matters is the schemes performance.

High NAV should not be a deterrent and low NAV should not be a preference while buying a mutual fund.



AN INVESTOR EDUCATION INITIATIVE
BY KOTAK MAHINDRA MUTUAL FUND

Investor Information



Investors shall deal only with registered Mutual Funds, details of which can be verified on the SEBI website under "Intermediaries/Market Infrastructure Institutions".

Procedure with regard to Investor Grievances

If you have a complaint regarding your fund house w.r.t. your investment, you may reach out to them at their customer service contact number or write to their respective customer service email IDs. Alternatively, you may also contact their investor relation representatives at the branch office listed on their website.

Additionally to this, you may also contact their Compliance Officer(s) for further escalation or you may also contact the Managing Director of the fund house with your grievance.

You can also lodge your grievances with SEBI at <http://scores.gov.in> or you may also write to any of the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 227 575 / 1800 266 7575.

Change of Address

In case a unit holder is KYC Compliant, he needs to submit the requisite documents to the KYC Registration Agency (KRA) for updating the new address. Once the address is updated with the KRA, the unit holders' address would be automatically updated in AMC's records.

In case a unit holder is not KYC Compliant, and he wishes to change his address in AMC records, then he needs to submit below mentioned documents to any of AMC/RTA's Investor Service Centers:

1. A request for Change of Address on a Transaction Slip or by way of a letter.
2. An attested copy of Proof of new Address
3. An attested copy of PAN Card. If PAN is not updated in the folio, then investor will have to submit a request for Updation of PAN also in his folio.

Change of Bank Details

In the event that an Investor wishes to Change his Bank Details in AMC records, he needs to submit the below mentioned documents to any of AMC/RTA's Investor Service Centres:

1. Request for Change of Bank Mandate on the Change of Bank Mandate form.
2. Cancelled cheque leaf in original of New bank account. Investor name should be pre-printed on Cheque Leaf. If the same is not pre-printed then bank account statement also needs to be submitted with Cancelled Cheque Leaf. If Photocopy of New bank cancelled cheque leaf is submitted, the same needs to be attested (original seen & verified) by AMC or RTA representatives OR Attested Photocopy of Passbook of new bank account - Attestation (original seen & verified) to be done by AMC or RTA representatives only.
3. Cancelled cheque leaf in original of existing registered bank account. Investor name should be pre-printed on Cheque Leaf. If the same is not pre-printed then bank account statement also needs to be submitted with Cancelled Cheque Leaf. If Photocopy of New bank cancelled cheque leaf is submitted, the same needs to be attested (original seen & verified) by AMC or RTA representatives OR Attested Photocopy of Passbook of existing registered bank account- Attestation (original seen & verified) to be done by AMC or RTA representatives only.

Change of Phone Number

For change of Contact Number, the investor needs to submit a written request for the same, duly signed, as per the mode of holding in the folio.

KYC Registration

Documents required for Individual

1. KYC Application Form for Individual – with 'In-Person Verification' duly updated
2. Attested photocopy of PAN Card in the name of Applicant
3. Attested photocopy of Current Address proof in the name of Applicant (for correspondence and permanent-Not more than 3 months old)

Documents required for Non-Resident Individual

1. KYC Application Form for Individual – with 'In-Person Verification' duly updated
2. Attested photocopy of PAN Card in the name of Applicant
3. Attested photocopy of Passport/PIO Card/OCI Card
4. Attested photocopy of Overseas Address proof (current and not more than 3 months old)
5. Attested photocopy of Current Address proof in the name of Applicant (for correspondence and permanent-Not more than 3 months old)

Documents required for Non-Individual

1. KYC Application Form for Non-Individual.
2. Attested photocopy of PAN Card in the name of Non-Individual Applicant.
3. Attested photocopy of Current Address proof in the name of Non-Individual Applicant (for correspondence and permanent-Not more than 3 months old).
4. Details of Promoters/ Partners/ Karta/ Trustees and Whole Time Directors forming a part of Know Your Client (KYC) Application Form for Non-Individuals on the Annexure Form.
5. Attested photocopy of Proof of Identity of all members mentioned on the Annexure Form.
6. Attested photocopy of Proof of Address of all members mentioned on the Annexure Form.

Additional documents to be obtained from Non-Individuals, over & above the aforementioned list, is mentioned below:

Types of Entity	Documentary Requirements
Corporate	Copy of the balance sheets for the last 2 financial years (to be submitted every year) Copy of latest shareholding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the Company Secretary/Whole time Director/MD(to be submitted every year)
Partnership firm	Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Certificate of registration (for registered partnership firms only) • Copy of Partnership Deed
Trust	• Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Certificate of registration (for registered trust only). For Charitable and Public Trust, Registration Certificate is mandatory • Copy of Trust Deed • List of trustees certified by managing trustees • Photograph, POI, POA, PAN of Trustees
HUF	PAN of HUF • Deed of Declaration of HUF/List of coparceners • Bank pass-book/bank statement in the name of HUF
Unincorporated Association or a body of individuals	Proof of Existence/Constitution document • Resolution of the managing body & Power of Attorney granted to
Banks	By-laws or Constitution Document in the name of the Bank Registration Certificate/RBI certificate • Board Resolution • Authorized signatories list with specimen signatures
Foreign Institutional Investors (FII)	Copy of SEBI registration certificate
Army/Government Bodies	Self-certification on letterhead
Registered Society	Copy of Registration Certificate under Societies Registration Act • List of Managing Committee members • Committee resolution for persons authorised to act as authorised