

# NAV of a Mutual Fund

Every mutual fund scheme declares its net asset value (NAV) at the end of each working day. The NAV is updated daily at 11 pm for all schemes, except for fund of funds, which are updated at 10 am the next day and displayed on websites of the fund house, AMFI, and investment platforms.



## WHAT IS NAV?

The NAV represents a fund's per unit market value. This is the price at which investors are allotted units by the fund house or the price at which they can sell it back to the fund house. This is calculated by dividing the total value of all the assets in a portfolio, minus all its liabilities. The NAV is calculated by the fund house or by an accounting firm hired for the purpose.

## WHEN IS THE SCHEME'S NAV CALCULATED?

The NAV is calculated and declared after market closing hours at the end of the day. Since stock prices move up and down every second, it is difficult to calculate NAV during market hours as the price of the underlying stocks in the portfolio could change. Hence, the NAV is calculated at the end of every market day, after factoring in the closing market prices of the securities that the fund holds.

## Invesco Mutual Fund

### An investor education and awareness initiative

For Know Your Customer (KYC) guidelines along with the documentary requirements and procedure for change of address, phone number, bank details, etc., please visit the Education and Guidance section on [www.invescomutualfund.com](http://www.invescomutualfund.com). Investor should deal with only SEBI registered Mutual Funds, details of which can be verified under "Intermediaries/Market Infrastructure Institutions" on <https://www.sebi.gov.in/index.html>. For any grievance / complaint, please call us on 1800-209-0007 or write to us at [mfservices@invesco.com](mailto:mfservices@invesco.com). Alternatively, complaints can be registered on the SEBI SCORES Portal at <https://scores.gov.in>

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

## WHAT IS THE APPLICABILITY OF A DAY'S NAV?

Investors are allocated units in a scheme after a fund house receives money to purchase units on a market trading day. For equity and debt funds, and redemptions from liquid and overnight funds, orders placed before the cut-off time of 3 p.m. will be processed at the same day's NAV. The cut-off time for purchase orders in liquid and overnight funds is 1:30 p.m. For buy orders, the fund house should receive the payment by the cut-off time for applicability of same-day NAV. Orders and payments received beyond cut-off times will be processed at the next trading day's NAV.

## IS THE NAV IMPORTANT WHILE SELECTING A SCHEME?

Wealth managers believe the mere NAV number of a scheme is irrelevant for an investor looking to buy a mutual fund. It should not matter to an investor if the NAV is ₹10 or ₹1,000.

Take for example an investment of ₹1 lakh each in Scheme A at a NAV of ₹20 and Scheme B at a NAV of ₹50. The investment amount being equal, Scheme A would appear cheaper as 5,000 units were allotted compared to 2,000 units in Scheme B. Now suppose both schemes grow by 10% in a month. Scheme A's NAV will be ₹22 and Scheme B's will be ₹55. The value of your investment in both cases is ₹1,10,000.

For two schemes with identical portfolios and other things remaining constant, the difference in NAV will hardly matter and both schemes will grow at the same rate. Financial planners say daily changes in NAV don't matter. It is best to look at the annualised return of a fund over different time frames to judge its performance.

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