

## Methodology of Calculation of Sale and Repurchase Price of Mutual Fund Unit

Let us assume that the NAV of a Mutual Fund scheme as on April 1, 2022, is Rs. 10.

The methodology for calculation of sale and repurchase price of units can be explained with a simple illustration below:

### (A) Sale Price:

The sale price (or purchase price) of the units on an ongoing basis will be the same as the applicable NAV. Hence if the purchase is carried out on April 1, 2022, the sale price will be the applicable NAV which is Rs. 10.

As per existing Regulations, no entry load is charged with respect to applications for purchase / additional purchase of mutual funds units.

### (B) Repurchase price:

The Redemption Price (repurchase price) of the Units will be calculated based on the Applicable NAV reduced by the prevailing exit load, if any. Suppose for this example, the exit load applicable is –

- (i) For exit on or before 365 days from allotment: 1%
- (ii) For exit after 365 days from allotment: Nil.

**Then the redemption price will be calculated as follows:**

#### *Case 1 – Exit on or before 365 days from allotment*

In case the investor requests for redemption before completing 365 days from the day of allotment, i.e. on or before March 31, 2023, say January 31, 2023, when the NAV of the Scheme is, suppose, Rs. 12.

The redemption amount payable to investor will be calculated as follows:

$$\begin{aligned}\text{Redemption price} &= \text{Applicable NAV} \times (1 - \text{Exit Load}) \\ &= \text{Rs. } 12 \times (1 - 1\%) = \text{Rs. } 11.88\end{aligned}$$

#### *Case 2 – Exit after 365 days from allotment*

In case the investor requests for redemption after 365 days from the date of allotment, suppose on May 10, 2023, on which day the NAV of the Scheme is say Rs. 13. No exit load will apply in this scenario, and the redemption amount payable to the investor will be calculated as follows:

$$\begin{aligned}\text{Redemption price} &= \text{Applicable NAV} \times (1 - \text{Exit Load}) \\ &= \text{Rs. } 13 \times (1 - 0) = \text{Rs. } 13\end{aligned}$$

The illustrations above do not take into account any applicable statutory levies or taxes, and accordingly the redemption amount payable to the investor shall further reduce to the extent of these levies/taxes.