



Wondering how to check the NAV of a mutual fund – Read this!

Don't the 50% off and one-plus-one sales seem alluring? The price of a commodity can affect your buying decision. Everyone likes to save money and finding something at a lower cost is always a plus. Even mutual fund units have a cost or value, known as the NAV. This value determines the number of units you get. But is NAV the same as the price of other products? To answer this, you must understand its meaning, relevance, and know how to check the NAV of a mutual fund.

What is NAV in mutual funds?

The NAV is the per-unit price of the securities held by a mutual fund scheme. It is also referred to as the market value of each security in a fund. Since a security's market value can differ daily, a fund's NAV also fluctuates every day.

Mutual fund houses declare the latest NAV at the end of the trading day after the market closes. When you invest in mutual funds online or offline, the NAV declared at the end of the previous day is considered.

You can also check or calculate the NAV yourself. Keep reading to find out how this can be done.

How to check the NAV of a mutual fund?

The NAV of a mutual fund can be calculated using the following formulas:

Total assets of the fund – Total liabilities of the fund/ Total number of units

Or

Fund's market value/ Total number of units

Here are the steps for the same:

- Deduct all liabilities from the gross assets in the fund
- Take the net asset value and divide it by the total number of outstanding units
- The remainder will be the mutual fund's NAV

For example, say you are investing in a balanced advantage fund. The fund's market value is Rs 800 lakh, and the fund issues 10 lakh units. So, the NAV will be:

Fund's market value (800)/ Total number of units (10) = Rs 80

It is good to have an idea about the calculations of NAV, but as an investor, you would be more interested in knowing where to check the fund's historical NAV, wouldn't you?

You can either check the NAV on the official website of the individual Asset Management Company (AMC) or the Association of Mutual Funds in India (AMFI). Since the latter will have the NAVs of different funds across India, you must carefully enter the AMC and scheme details to get results.

Now that you understand the calculations behind the NAV and know where to check it, it is important to steer clear of certain associated myths. After all, half knowledge or incorrect knowledge can influence your investment decisions and, in turn, affect your returns.

Myths of High or Low NAV

- **Low NAV = more savings:** A low NAV can offer more units for the same investment budget. For instance, if the NAV is Rs 10, you can buy 10 units for Rs 100. If the NAV increases to Rs 20, you will only get 5 units for Rs 100. However, a low NAV may not necessarily contribute to more savings.

For instance:

Case 1: You buy 100 units at Rs 20 each. The NAV grows by 10% (Rs 22) and your investment is now valued at Rs 2200.

Case 2: You buy 20 units at Rs 100 each. The NAV increases by 10% (Rs 110) and your investment is now valued at Rs 2200.

In both cases, you invest Rs 2,000 and your investment is valued at Rs 2,200 eventually. So, you do not necessarily save any money or 'get a cheaper deal' if the NAV of your chosen fund is lower.

- **High NAV = high returns:** The NAV is not an indication of the fund's performance or future returns. The returns can vary for each fund based on a number of factors like market conditions, investment terms, fund managers, the type of fund, and more.

Conclusion

While you may check the NAV of a mutual fund before investing in it, it should not be the sole basis of your decision to invest in a scheme. If you want to make an informed decision, you must look at multiple aspects as stated above and then pick a fund that aligns with your financial goals. You can also use a mutual fund calculator to understand the scope of returns from your investments.

An investor education initiative by Edelweiss Mutual Fund

All Mutual Fund Investors have to go through a onetime KYC process. Investor should deal only with Registered Mutual Fund (RMF).

For more info on KYC, RMF and procedure to lodge/redress any complaints, visit - <https://www.edelweissmf.com/kyc-norms>

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