

Aarnavest Financial Services Private Limited

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COMMISSION DISCLOSURE

We are empanelled with AMCs to act as distributors for selling their Mutual Fund Schemes. We are registered with AMFI and hold an ARN Code to act as an intermediary for selling Mutual Fund Schemes regulated by SEBI. We earn commission income from the AMCs for selling such Mutual Fund schemes. To ensure transparency in our dealings with our clients, we disclose the broad modalities of the commissions paid to us by the AMCs.

The Securities & Exchange Board of India has stipulated a limit that a fund can charge. Equity funds can charge a maximum of 2.25%, whereas a debt fund can charge a maximum of 2.00% of the average daily net assets. This is referred to as the expense ratio.

The expense ratio represents the annual fund operating expenses of a scheme, expressed as a percentage of the scheme's daily net assets. This amount, among other things, covers distributor's commissions, the asset management company's (AMC) management fees, RTA expenses, custodian charges, auditor's fees, trustee's fees, marketing or selling expenses, transaction costs, investor communication costs etc.

The maximum level of our commission is capped to the extent of the expense ratio. The expense ratio is deducted from your investments daily, and only after that will the Net Asset Value of the respective schemes be declared.

The gross commission amount also gets reflected in the Consolidated Account Statement (CAS) issued by NSDL once every six months directly to you. This commission figure includes all direct monetary payments and other payments made in gifts/rewards, event sponsorships etc., by the AMCs to us. The CAS also discloses the scheme's average total expense ratio (in % terms) for the half-year period for each scheme's applicable plan (regular or direct or both) where you have invested in. The AMCs also disclose the commissions paid to us on their website. You can check out the total commission earned by us for a particular financial year on the website of AMFI (Association of Mutual Funds of India) the link for which is <https://www.amfiindia.com/commission-disclosure>

The expense ratio for every scheme is disclosed on the website of the respective AMCs and also in their periodical 'fact sheets'. The expense ratio is calculated as a percentage of the Scheme's average Net Asset Value (NAV). The daily NAV of a mutual fund is disclosed after

deducting the expenses. SEBI has amended the mutual fund regulations, and fresh TER slabs have been implemented from April 1, 2019. Here is the TER for open-ended schemes

AUM Slab (INR crore)	TER for equity oriented schemes	TER for other schemes (excl. Index, ETFs and Fund of Funds)
0 - 500	2.25%	2.00%
500 - 750	2.00%	1.75%
750 - 2,000	1.75%	1.50%
2,000-5,000	1.60%	1.35%
5,000 - 10,000	1.50%	1.25%
10,000 - 50,000	TER reduction of 0.05% for every increase of 5,000 crore AUM or part thereof	TER reduction of 0.05% for every increase of 5,000 crore AUM or part thereof
>50,000	1.05%	0.80%

Similarly, fund houses cannot charge more than 1.25% in close end equity funds and 1% in closed-end debt funds. SEBI has also asked fund houses to charge a maximum TER of 1% on passive funds such as index funds and ETFs. On fund of funds (FOFs), SEBI has said that FOFs investing in a liquid, index, and ETFs cannot charge over 1%. On the other hand, FOFs investing primarily in actively managed funds can charge up to 2.25% in equity funds and 2% in other than equity funds.

If you wish to know more about the commissions and the modalities of our remuneration and the details of the Expense Ratios of specific schemes, you may contact us.