

Net Asset Value Per Unit

Price of Investment Trusts (Net Asset Value Per Unit)

- The price at which investors buy and sell units of investment trusts is called net asset value per unit.

Investment trusts invest pooled money into assets such as equities and bonds. As the value of the underlying securities of investment trusts fluctuates daily, the price or net asset value per unit of investment trusts also fluctuates.

Net Asset Value Per Unit



e.g.
Suppose
“XY Equity Fund”
invests
in 3 stocks.

Investment portfolio of XY Equity Fund

A Motors
Corp.

B Electronics
Inc.

C Pharmacy
Co., Ltd.

	Invested Amount	When the prices of all stocks have increased	When each stock has shown different price movement
A Motors Corp.	10 billion yen	12 billion yen Up	8 billion yen Down
B Electronics Inc	10 billion yen	12.5 billion yen Up	10.5 billion yen Up
C Pharmacy Co., Ltd.	10 billion yen	11.5 billion yen Up	7 billion yen Down
Total Assets	30 billion yen	36 billion yen Asset Amount	25.5 billion yen Asset Amount
Total Units	30 billion units	30 billion units	30 billion units
Net asset value per unit (per 10,000 units)	$\frac{30 \text{ billion yen}}{30 \text{ billion units}} \times 10,000 \text{ units} = 10,000 \text{ yen}$	$\frac{36 \text{ billion yen}}{30 \text{ billion units}} \times 10,000 \text{ units} = 12,000 \text{ yen}$ Up	$\frac{25.5 \text{ billion yen}}{30 \text{ billion units}} \times 10,000 \text{ units} = 8,500 \text{ yen}$ Down

The above explanation is based on the assumption that there was no change in the total amount of assets and total number of units.

In real-life situations the net asset value per unit is calculated by subtracting expenses such as a asset management fee from the asset value.

- The net asset value per unit is calculated once a day.

For instance, the prices of the stocks held by the investment trust can change every second during the stock market trading hours. On the other hand, the net asset values per unit of general investment trusts are calculated, determined and released as the market value of the day after the trading hours.