

Annexure A4- Calculation of fees charged to clients for 1 year

The assumptions for the illustration are as follows:

- Size of sample portfolio: Rs. 100 Lacs
- Period: 1 year
- Hurdle Rate: 10% of amount invested
- Brokerage/ DP charges/ transaction charges: Weighted Average of such charges (as a percentage of assets under management) levied in the past year/ in case of new portfolio managers indicative charges as a percentage of assets under management (e.g. 1%)
- Upfront fee – Nil
- Set up fee - Nil
- Management fee (e.g. 1.5%)
- Performance fee (e.g. 20% of profits over hurdle rate)
- The frequency of calculating all fees is annual.

Nature of Fees	Amount in Rs.
Capital Contribution	1,00,00,000
Less: Upfront fees	-
Assets under management (AUM)	1,00,00,000
Add/ Less: Profits/ Loss on investment during the year on AUM at 20%	20,00,000
Gross Value of the portfolio	1,20,00,000
Less: Other Expenses (0.50%) (a)	60,000
Gross Value of the portfolio less Other Expenses	1,19,40,000
Less: Fixed Management Fees (1.50%) (b)	1,65,000
Portfolio Value after charging Fixed Management Fees	1,17,75,000
Hurdle Level	1,10,00,000
Less: Performance fees @ 20% of Profits over Hurdle Level (c)	1,55,000
Portfolio Value after charging Performance Management Fees	1,16,20,000
Less: Exit Load (2%) (d)	2,32,400
Portfolio Value after charging Exit Load	1,13,87,600
Total charges during the year (a+b+c+d)	6,12,400
Net value of the portfolio at the end of the year	1,13,87,600
% change over capital contributed	13.88%