Changes in Total expense ratio (TER) and disclosures

SEBI has announced a few changes to the TER and TER disclosures effective 1 April 2026[1].

Daily TER will now be disclosed as four distinct components –

1. **Base Expense Ratio (BER):** This will be charged as per AUM slabs and within BER limits as specified by SEBI, basis the scheme's classification (equity, non-equity, passive or fund of fund). For example, the BER for open ended equity oriented schemes with an AUM upto Rs.500 crore will be upto 2.10%. The BER will include:
    a. Investment and Advisory fees charged by the asset management company
    b. Recurring expenses of the scheme
    c. Charges/ commission/ fees related to distribution of the scheme
2. **Brokerage Cost**:** This is brokerage for execution of trades.
3. **Transaction Cost** (incurred for execution of trades):** This includes regulatory levies and any other expenses charged by stock exchanges, clearing corporation, SEBI and clearing house, as applicable.
4. **Statutory levies:** This includes levies imposed by the state and central government like GST[2], STT[3], etc, at actuals.

Note: *Components mentioned in points 2, 3 and 4 are over and above the BER, for schemes charging the maximum BER limit.*

Any expenses other than those specified above, shall be borne by the asset management company or trustee or sponsors.

** Brokerage and Transaction costs are incurred only when the scheme executes trades. However, the above-mentioned maximum limits (as mentioned in point nos. 2 and 3) are calculated as a % of the traded value. Therefore, these costs are variable in nature being directly proportional to the value of trades executed on a particular day and need to be disclosed by regulation as an annualised % to Total net assets or AUM of the scheme.

For more details on the above changes, please refer to this Addendum.

For details with respect to scheme wise daily TER in the new format, you may visit **this link** on our website.

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[1] Basis SEBI (Mutual Funds) Regulations, 2026 and SEBI Master Circular SEBI/HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20,2026

[2] Goods and Services Tax

[3] Securities Transaction Tax