

Systematic Investment Plan



Areas covered

- Understanding Risk
- What is SIP
- Power of compounding
- Goal-based SIP
- Best time to start an SIP?



Sensex Rolling return 1 Year

	1 Year
Rolling Return Occurrences	40
Negative Return Occurrences	13
Probability of Loss	33%



Sensex Rolling return 1 Year

	1 Year	5 Years
Rolling Return Occurrences	40	35
Negative Return Occurrences	13	3
Probability of Loss	33%	9%



Sensex Rolling return 1 Year

	1 Year	5 Years	10 Years
Rolling Return Occurrences	40	35	30
Negative Return Occurrences	13	3	1
Probability of Loss	33%	9%	3%

What is SIP?

Way of investing in Mutual Funds systematically at a fixed interval, mainly monthly.



Flexibility



Worried about when to buy?

- No need to time the market
- It automatically buys more when it's cheap and buys less when market's are high



Rupee cost averaging

Month	SIP amt	NAV	Units
January	10000	23	434.78
February	10000	21	476.19
March	10000	22	454.55
April	10000	19	526.32
May	10000	16	625.00
June	10000	17	588.24
July	10000	17	588.24
August	10000	20	500.00
September	10000	21	476.19
October	10000	19	526.32
November	10000	24	416.67
December	10000	25	400.00
Total	120000		6012.48

Average NAV Per Unit over 12 months =
 $(23+21+22+19+16+17+17+20+21+19+25+24)/12$
Rs 20.33

Average Cost per unit for the investor over 12 months = Total amount paid/ Total units
 $120000/6012.48 =$
Rs 19.96

The cost of units to the Investor is lesser than the average NAV over period, this is called rupee cost averaging.

This is only for illustrative purposes.

Benefits of SIP

- It brings financial discipline to life
- Timing risk is eliminated
- Works well over a long period
- Enjoy the power of compounding
- No need to wait to accumulate big sums
- Reach financial goals in a painless manner



BENEFITS

Discipline is the key

"I fear not the man who has practiced 10,000 kicks once, but I fear the man who has practiced one kick 10,000 times."

Bruce Lee



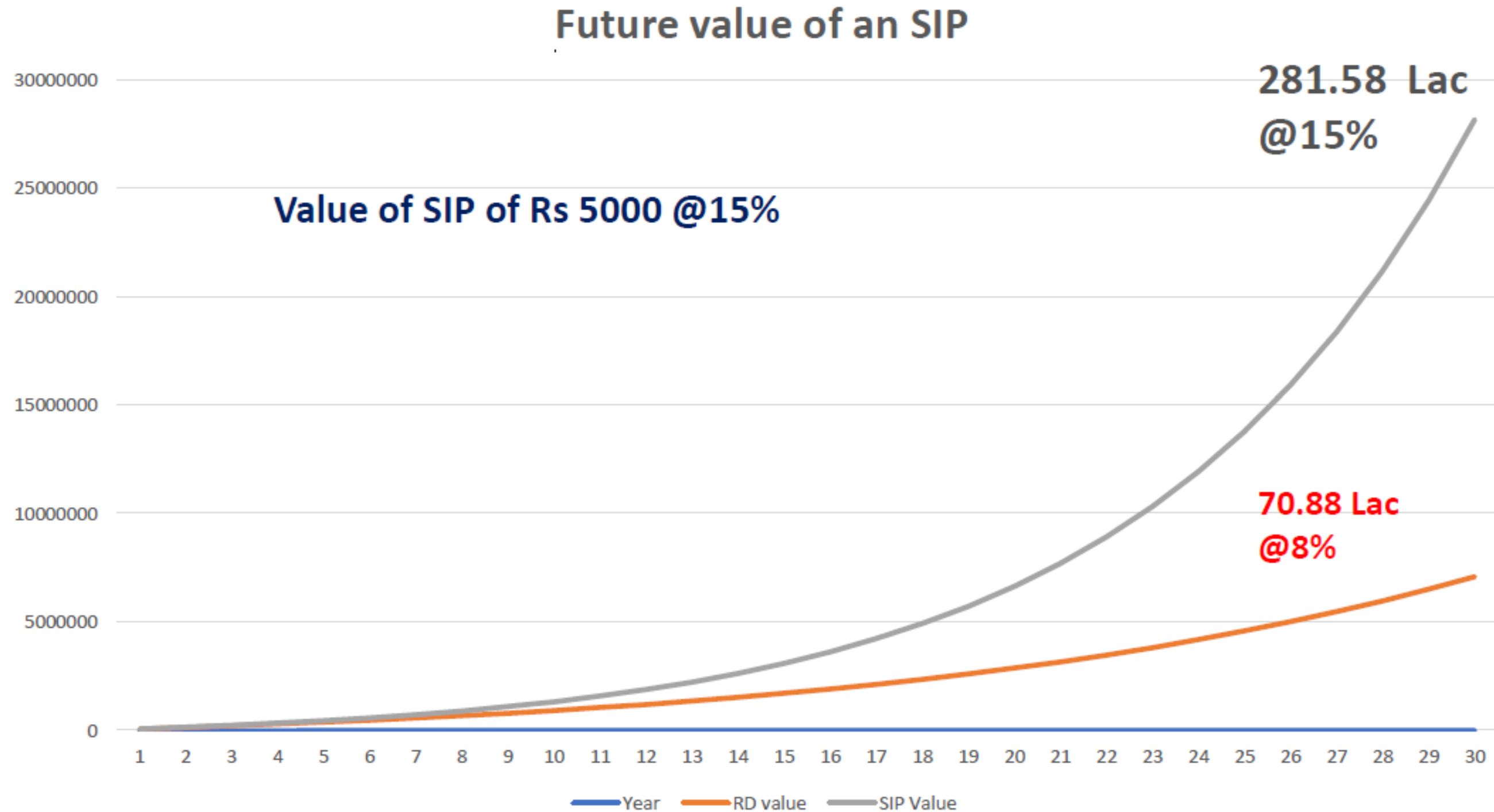
8th Wonder



Compound Interest is the eighth wonder of the world. He who understands it earns it, he who doesn't, pays it.

-Albert Einstein

Truly wonder



This is only for illustrative purposes.

Consider long term



Monthly SIP Amount	Wealth	
	10 Year	25 Years
₹ 5,000	13.15 Lacs	1.37 Cr
₹ 10,000	26.3 Lacs	2.75 Cr
₹ 15,000	39.45 Lacs	4.13 Cr



One of the preferred ways of growing your wealth is through a

Systematic Investment Plan

as it works on the principle of compounding.

Assumed growth 15% CAGR. This is only for illustrative purposes.

Start early

Value at the age of 55 years

170 Lacs



91.98 Lacs



47.59 Lacs



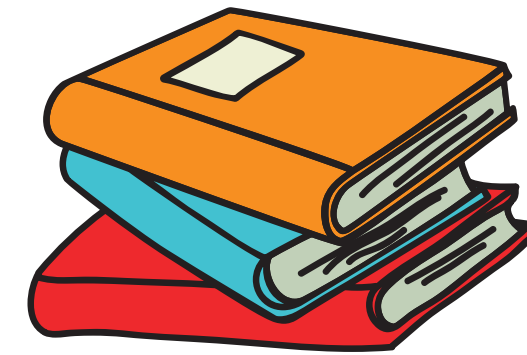
Monthly Investment of Rs 10,000

The cost of delay is much more than we anticipate

*Assumed return 12%

Ability to fulfill all your dreams

- Retirement Planning
- Education planning
(For your kids' future)
- Marriage Planning
(For your kid's future)
- Buying home
- Buying car
- Exotic Vacation



Retirement Planning

- Retirement age - 55 Years
- Life expectancy - 75 Years
- Current monthly expense - Rs. 25,000
- Inflation - 6%
- The post-retirement risk-free rate of return - 8%
- Monthly Expense at retirement - Rs. 1,07,297
- **Corpus Required for the Retirement - Rs. 2,16,86,910**

Raj - 30 Years



Monthly investment required

Years to save - 25 Years

Expected Return	8%	12%	15%	18%	20%
Monthly Investment required	23,706	12,740	7,867	4,817	3,464

This is only for illustrative purposes.

Education Planning

- Child age 5 Years
- Higher education age - 18 Years
- Current education expense - 10,00,000 Rs.
- Inflation - 8%
- **Expected education cost (after 13 years) - 27,19,623 Rs.**



Monthly investment required

Years to save - 13 Years

Expected Return	8%	12%	15%	18%	20%
Monthly Investment required (Rs)	10,111	7,600	6,111	4,902	4,228

This is only for illustrative purposes.

Marriage Planning

- Child Age - 5 Years
- Marriage Age - 25 Years
- Current Marriage expense - Rs. 20,00,000
- Inflation - 8%
- **Expected Marriage cost after 20 years - Rs. 9,321,914**



Monthly Investment required

Years to save - 20 Years

Expected Return	8%	12%	15%	18%	20%
Monthly Investment required (Rs)	16,278	10,134	7,024	4,838	3,765

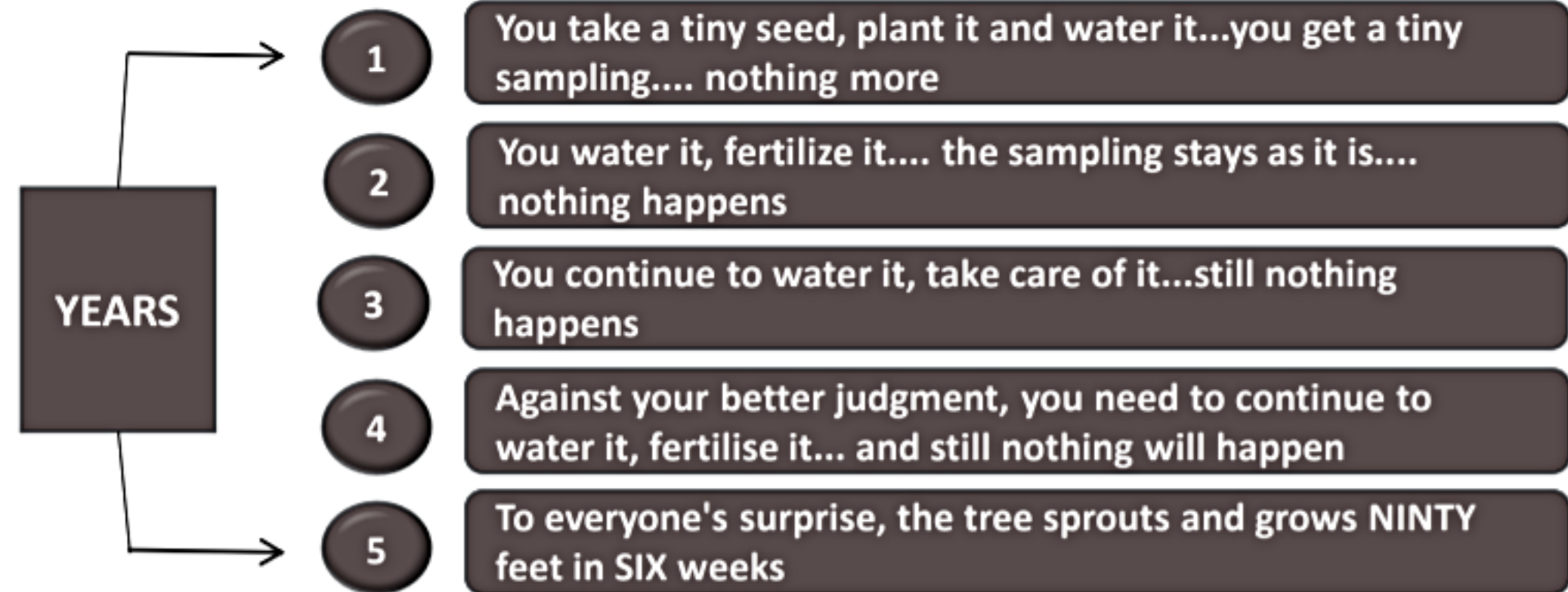
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Game of patience

Curious case of Chinese Bamboo



Chinese Bamboo tree tests your patience



What was going on in first Few Years?

- ✓ The tiny sampling was actually developing its root system underground to sustain its impending over the ground growth fifth year onwards.
- ✓ If you had uprooted the sampling to see why it was not growing, it would die.
- ✓ But if you were patient and had faith, you would witness the miraculous growth later on

Ignore short term under performance

SIP of Rs 5000 per month (started on 1 st Sep 2008)	Confused Investor Stopped SIP on 17 th Aug 13			Patient Investor Continued SIP till 29 th Dec 2020		
	Scheme Name	Total Investment	Value	CAGR	Total Investment	Present Value(SIP)
Aditya Birla Sun Life Frontline Equity Fund - Reg - Growth	300000	374412	8.94	740000	1748739	13.12
Canara Robeco Emerging Equities - Growth	300000	382639	9.82	740000	2894278	20.43
DSP Equity Fund - Reg - Growth	300000	332131	4.09	740000	1872073	14.12
DSP Midcap Fund - Reg - Growth	300000	344352	5.54	740000	2369062	17.54
HDFC Equity Fund - Growth	300000	345089	5.63	740000	1646662	12.24
ICICI Prudential Multicap Fund - Growth	300000	351329	6.35	740000	1704699	12.75
Kotak Bluechip Fund - Reg - Growth	300000	335478	4.49	740000	1690340	12.63
Kotak Emerging Equity Fund - Reg - Growth	300000	317048	2.22	740000	2297530	17.10
Mirae Asset Large Cap Fund - Reg - Growth	300000	397245	11.35	740000	2179670	16.34
Nippon India Growth Fund - Growth	300000	318565	2.41	740000	1818195	13.70
Nippon India Large Cap Fund - Growth	300000	339862	5.01	740000	1663613	12.39
SBI Bluechip Fund - Growth	300000	359380	7.27	740000	1833176	13.82
SBI Magnum Midcap Fund - Growth	300000	367587	8.19	740000	2121153	15.94
Sundaram Mid Cap Fund - Reg - Growth	300000	362239	7.59	740000	1930540	14.57
Tata Equity P/E Fund - Reg - Growth	300000	326035	3.34	740000	1918714	14.48
Tata Mid Cap Growth Fund - Reg - Growth	300000	347064	5.86	740000	2199895	16.47
Sensex TRI	300000	364046	7.80	740000	1767724	13.28

Past performance may or may not sustain in future.

Don't stop SIP due to market correction

SIP of Rs 5000 per month (started on 1 st Sep 2010)	Confused Investor Stopped SIP on 17 th Aug 13			Patient Investor Continued SIP till 29 th Dec 2020		
	Scheme Name	Total Investment	Value	CAGR	Total Investment	Present Value(SIP)
Aditya Birla Sun Life Frontline Equity Fund - Reg - Growth	180000	187855	2.87	620000	1212102	12.43
Canara Robeco Emerging Equities - Growth	180000	173946	-2.27	620000	1778862	19.31
DSP Equity Fund - Reg - Growth	180000	166688	-5.06	620000	1313011	13.87
DSP Midcap Fund - Reg - Growth	180000	159613	-7.86	620000	1523513	16.54
HDFC Equity Fund - Growth	180000	164483	-5.92	620000	1120704	11.01
ICICI Prudential Multicap Fund - Growth	180000	179398	-0.22	620000	1194377	12.17
Kotak Bluechip Fund - Reg - Growth	180000	176206	-1.42	620000	1223206	12.60
Kotak Emerging Equity Fund - Reg - Growth	180000	161278	-7.19	620000	1560845	16.97
Mirae Asset Large Cap Fund - Reg - Growth	180000	186120	2.24	620000	1422991	15.32
Nippon India Growth Fund - Growth	180000	163058	-6.49	620000	1283454	13.46
Nippon India Large Cap Fund - Growth	180000	176211	-1.41	620000	1177763	11.91
SBI Bluechip Fund - Growth	180000	187923	2.90	620000	1294640	13.62
SBI Magnum Midcap Fund - Growth	180000	186018	2.21	620000	1419458	15.27
Sundaram Mid Cap Fund - Reg - Growth	180000	171953	-3.03	620000	1257068	13.09
Tata Equity P/E Fund - Reg - Growth	180000	162954	-6.53	620000	1313662	13.88
Tata Mid Cap Growth Fund - Reg - Growth	180000	174941	-1.89	620000	1484619	16.08
Sensex TRI	180000	187925	2.89	620000	1271609	13.30

Past performance may or may not sustain in future.

Anytime is good time to start a SIP

Scheme Name	Started SIP on 8th Jan 2008 when Sensex was trading at 20873			Started SIP on 9th March 2009 when Sensex was trading at 8160		
	CAGR Return in %			CAGR Return in %		
	As on 06 th Oct 2010	As on 17 th May 2013	As on 29 th Dec 2020	As on 06 th Oct 2010	As on 17 th May 2013	As on 29 th Dec 2020
Sensex Level	20543	20286	47613	20543	20286	47613
Aditya Birla Sun Life Frontline Equity Fund - Reg - Growth	35.88	13.90	13.00	49.97	13.23	12.72
Canara Robeco Emerging Equities - Growth	47.13	14.74	19.83	78.15	13.89	19.86
DSP Equity Fund - Reg - Growth	39.11	10.19	13.89	57.27	8.49	13.83
DSP Midcap Fund - Reg - Growth	51.70	12.92	17.25	79.52	10.5	16.97
HDFC Equity Fund - Growth	47.21	13.79	12.22	68.72	11.75	11.65
ICICI Prudential Multicap Fund - Growth	34.58	10.36	12.49	53.11	9.78	12.40
Kotak Bluechip Fund - Reg - Growth	27.63	10.02	12.31	43.52	10.29	12.50
Kotak Emerging Equity Fund - Reg - Growth	36.40	9.54	16.49	63.92	9.74	16.90
Nippon India Growth Fund - Growth	38.60	8.73	13.40	56.80	7.13	13.38
Nippon India Large Cap Fund - Growth	30.16	10.84	12.16	45.23	10.70	12.11
SBI Bluechip Fund - Growth	29.01	11.95	13.49	41.83	12.21	13.55
SBI Magnum Midcap Fund - Growth	31.86	10.88	15.30	54.76	11.69	15.54
Sundaram Mid Cap Fund - Reg - Growth	45.62	12.79	14.40	68.72	10.96	13.90
Tata Equity P/E Fund - Reg - Growth	38.62	8.59	14.21	55.97	6.42	14.05
Tata Mid Cap Growth Fund - Reg - Growth	35.01	9.78	15.98	56.43	9.29	16.16

Past performance may or may not sustain in future.

Mutual Fund Investments are subject to market risk, read all scheme related documents carefully.

