

# Systematic Investment Plan

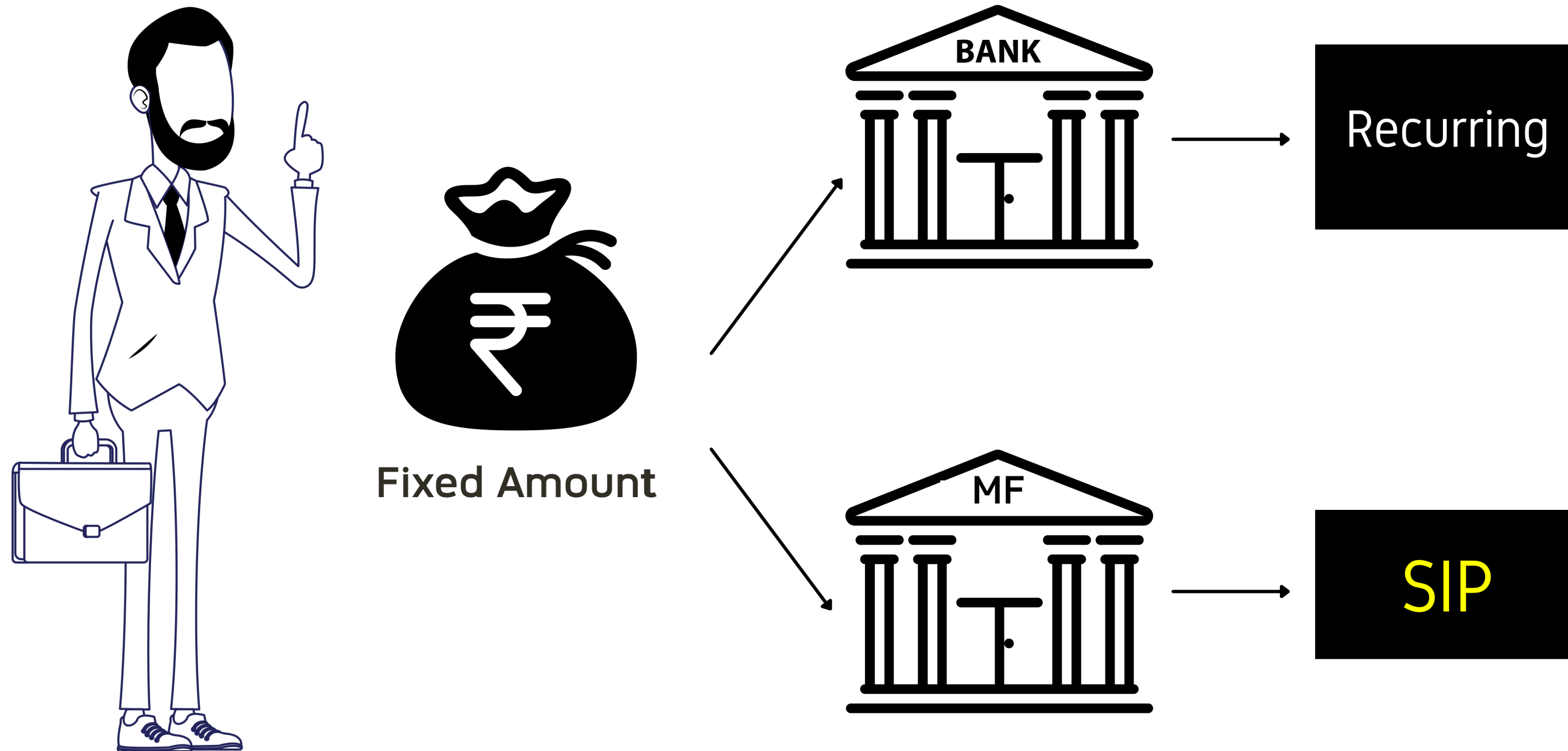


# Areas covered

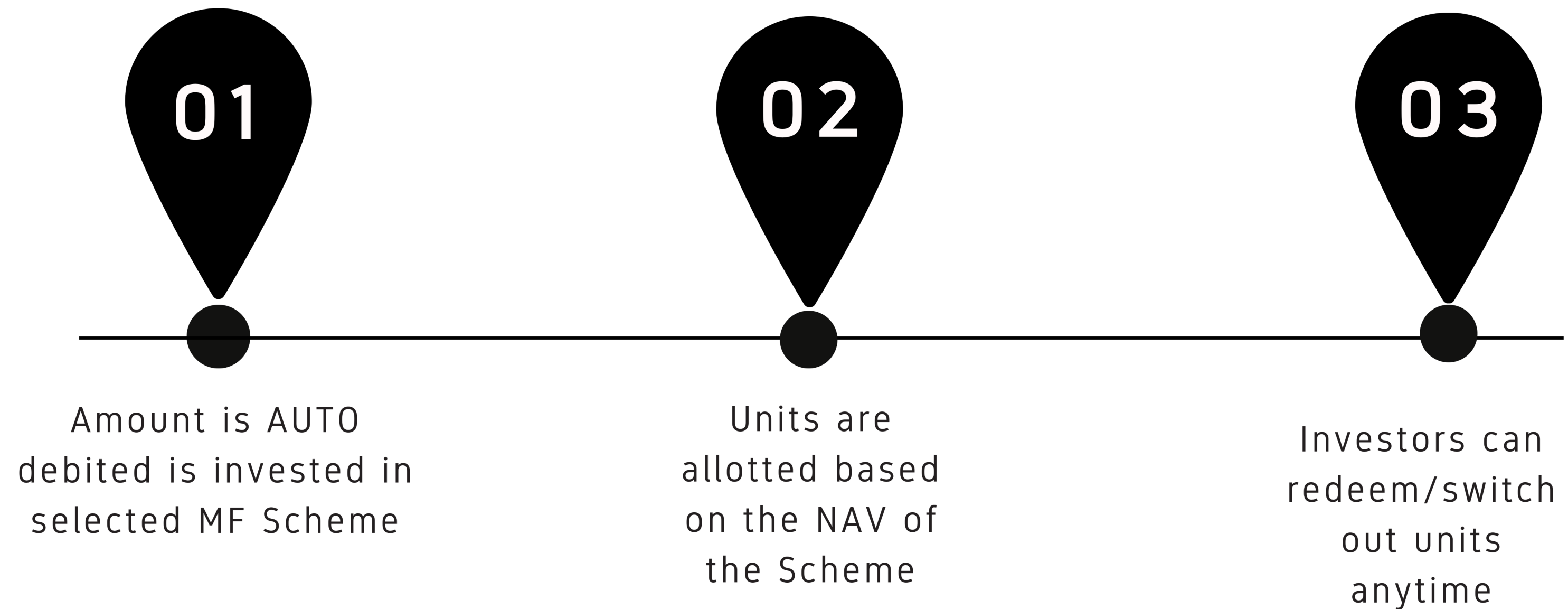
- Understanding SIP
- Understanding Risk
- Power of compounding
- Goal-based SIP
- Best time to start an SIP?



# What is SIP?



# How does it work?



# 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



# Benefits of SIP

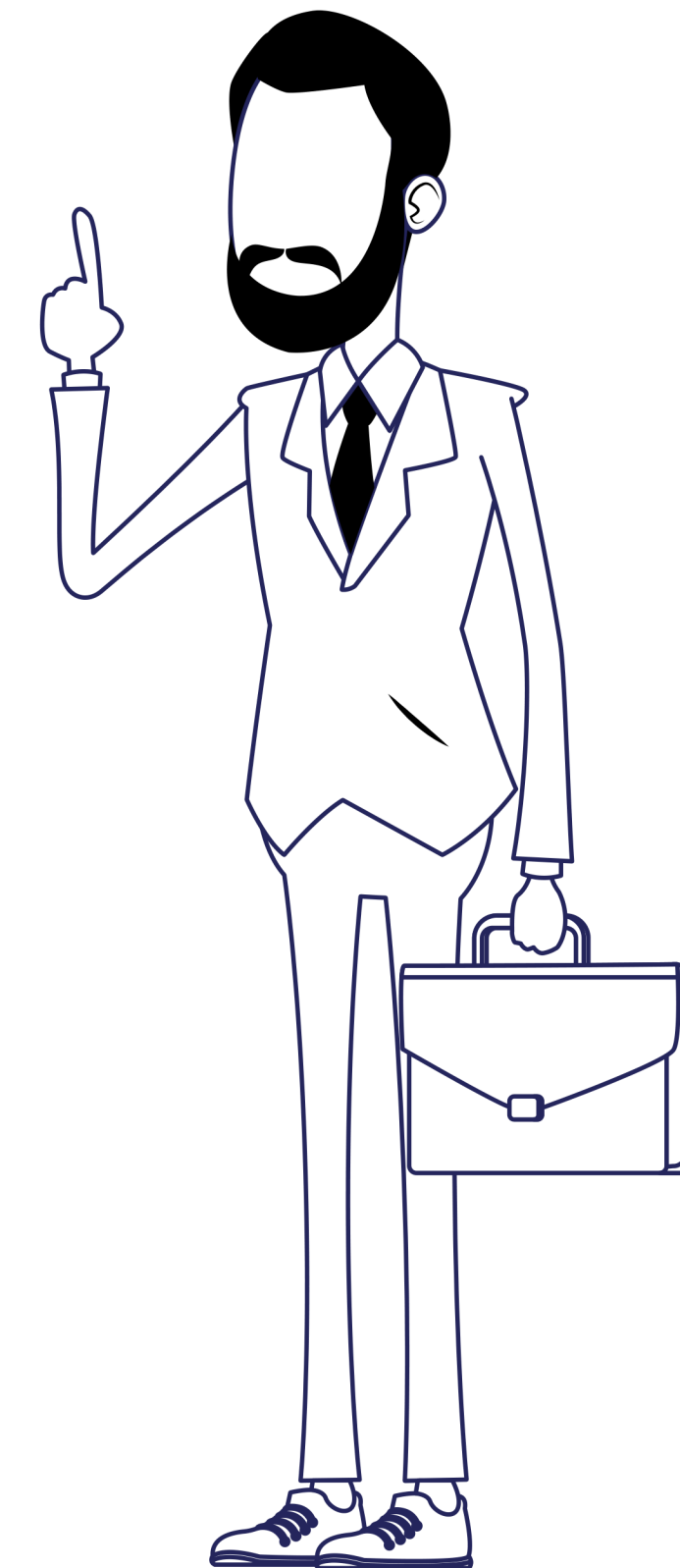
- Brings financial Discipline
- Rupee cost averaging
- Market timing risk minimized
- Power of compounding
- Can start with a small amount
- Helps to achieve financial goals



# How does averaging works?

Month	NAV	SIP Investment		Lumpsum Investment	
		Amount	No. Of Units	Amount	No of Unitis
1	20	10000	500.00	90000	4500
2	17	10000	588.24		
3	21	10000	476.19		
4	16	10000	625.00		
5	13	10000	769.23		
6	15	10000	666.67		
7	19	10000	526.32		
8	20	10000	500.00		
9	22	10000	454.55		
<b>Total Amount Invested</b>		<b>90000</b>		<b>90000</b>	
<b>Average Price per unit</b>		<b>18.11</b>		<b>20</b>	
<b>Total No of Units purchased</b>		<b>5106.18</b>		<b>4500</b>	
<b>Value at the end of 9 months</b>		<b>112336</b>		<b>99000</b>	

The above calculation is only for illustrative purposes.





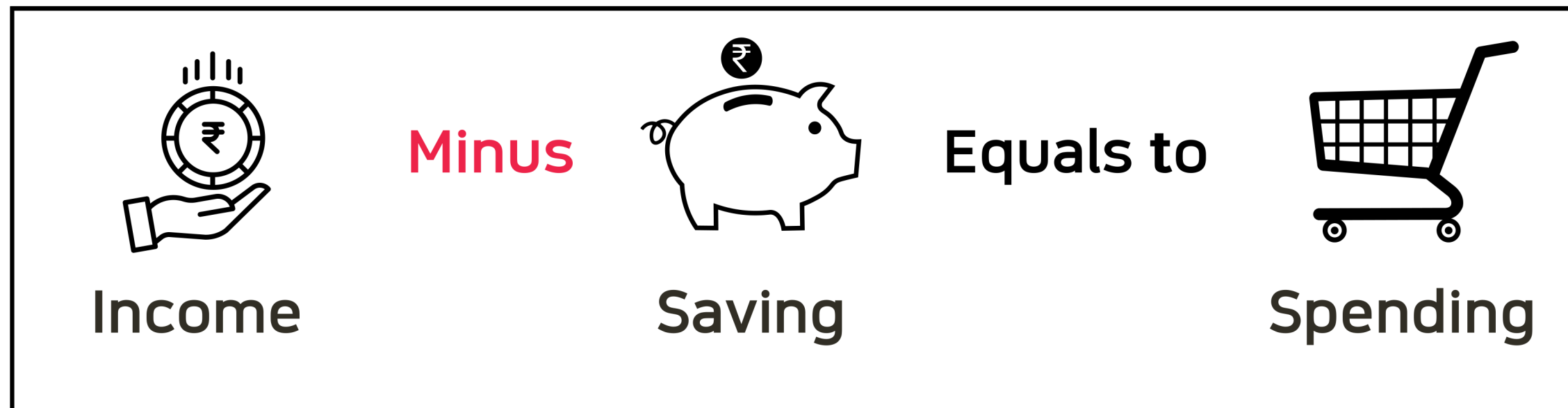
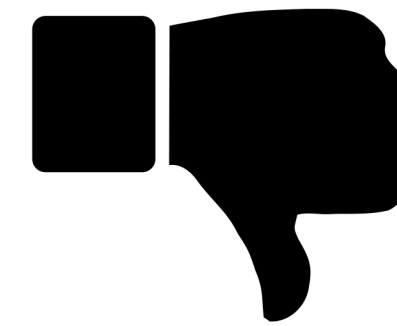
# Discipline is the key

”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



# SIP brings auto discipline



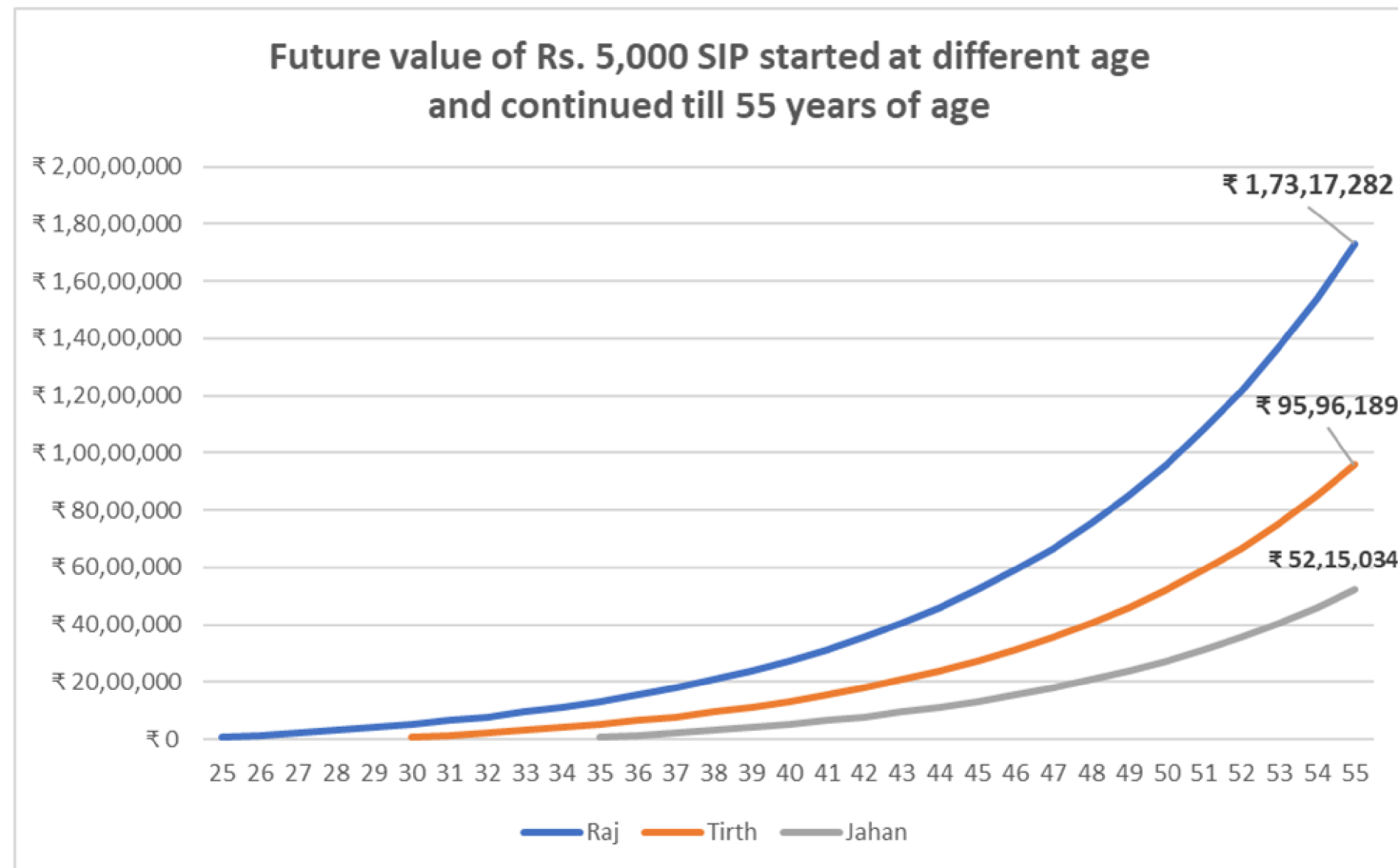
# 8th Wonder



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

-Albert Einstein

# Start sooner for better compounding



- **Raj** Started @ **25** years of age
- **Tirth** Started @ **30** Years of age
- **Jahan** Started @ **35** Years of age

\*Assumed rate of return @ 12% is only for illustrative purposes. The calculation

# Investing more at younger age

Normal SIP		Limited Period SIP	
SIP Amount	₹ 10,000	SIP Amount	₹ 20,000
Tenure	20	Tenure	10
Return	12%	Return	12%
		Total Tenure	20
Total Investment	₹ 24,00,000	Total Investment	₹ 24,00,000
Future Value	<b>₹ 91,98,574</b>	Future Value	<b>₹ 1,39,16,429</b>

The calculation is only for illustrative purposes. 12% CAGR is the assumed rate of return only for explanation purposes and not the guaranteed return.

# Consider long term



Monthly SIP Amount	No of Years	
	10	25
₹ 5,000	₹ 11,20,179	₹ 85,11,033
₹ 10,000	₹ 22,40,359	₹ 1,70,22,066
₹ 15,000	₹ 33,60,538	₹ 2,55,33,099



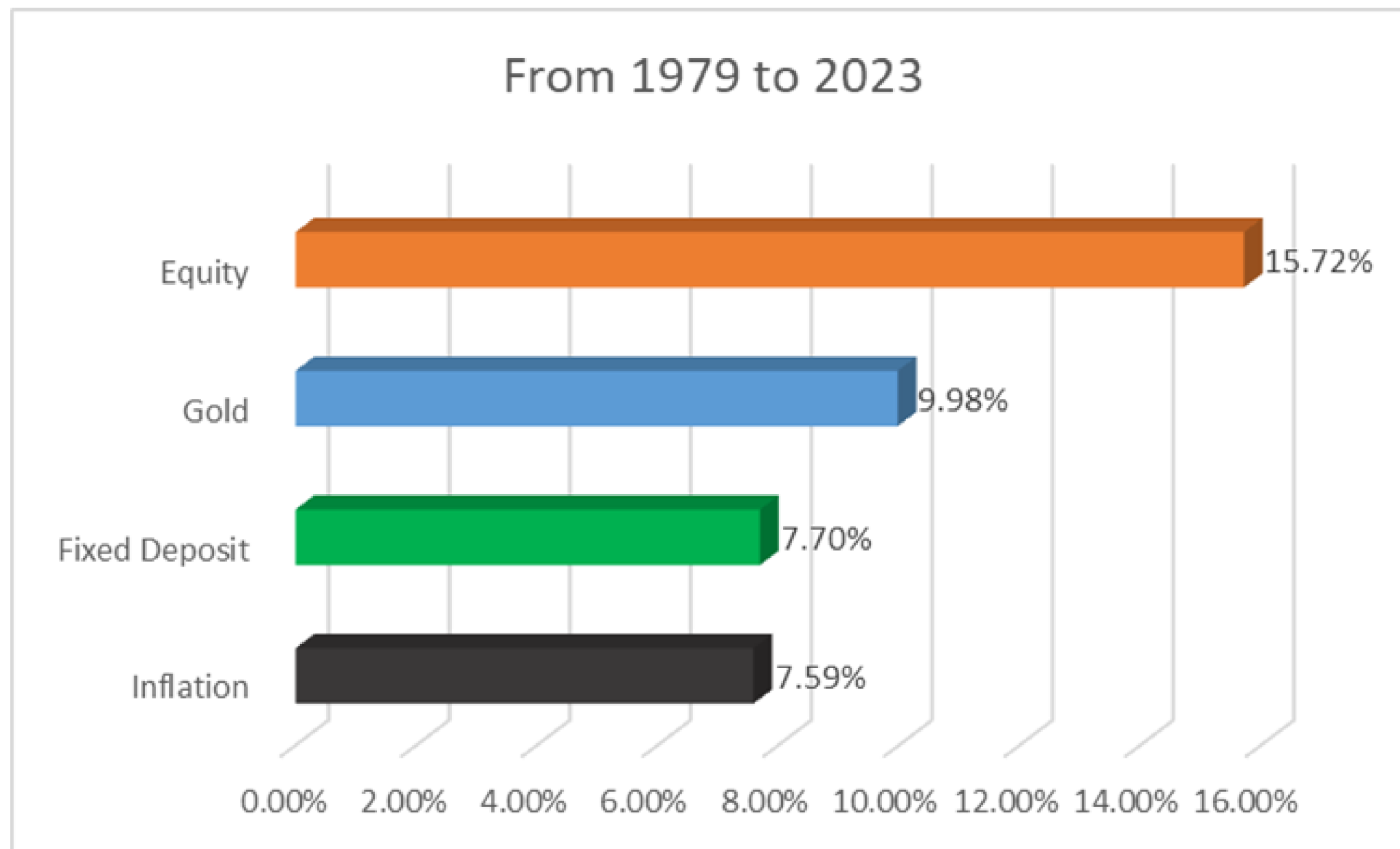
One of the preferred ways of growing your wealth is through a

## **Systematic Investment Plan**

as it works on the principle of compounding.

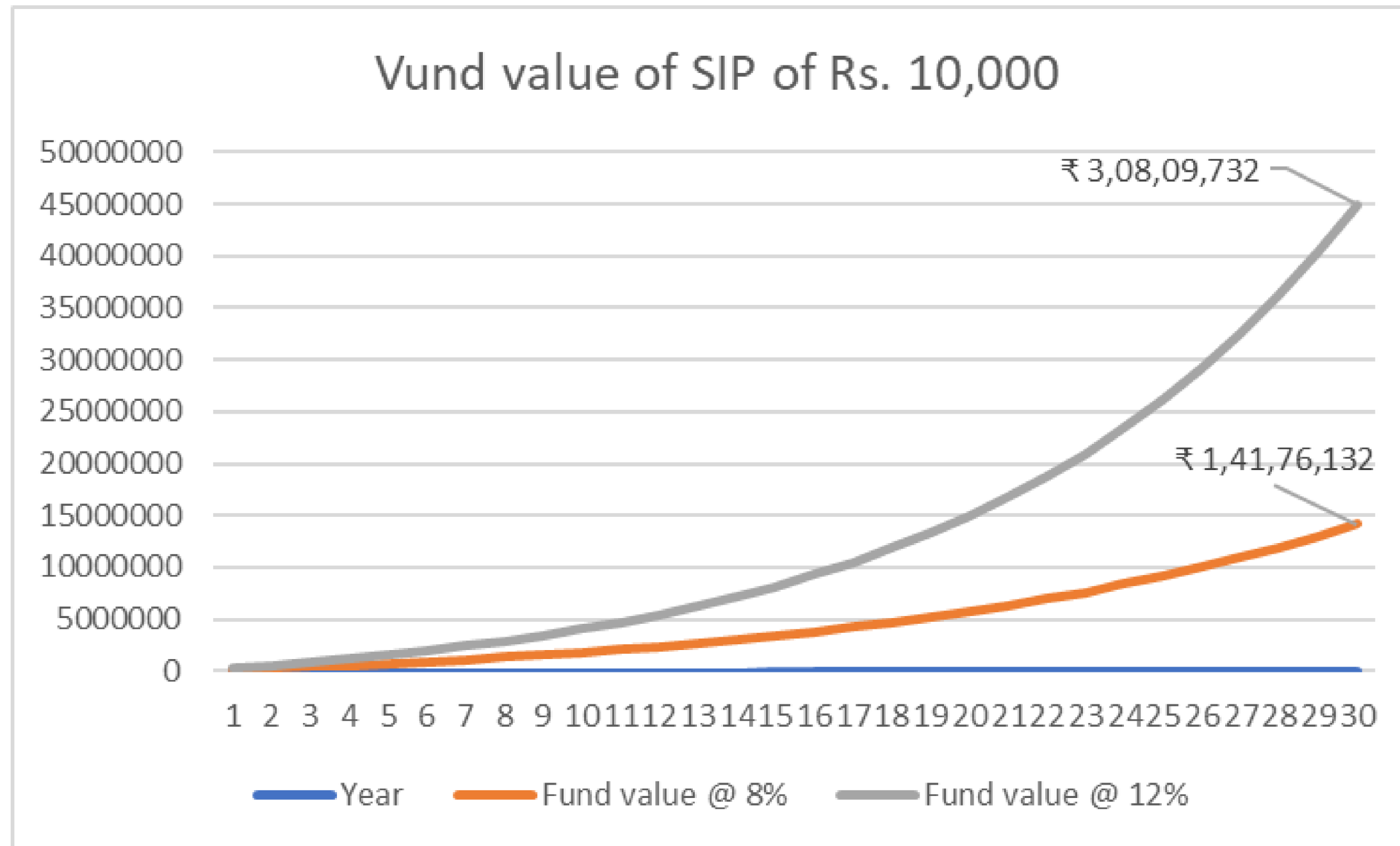
Assumed growth 12% CAGR. This is only for illustrative purposes.

# Choose wisely



Source: <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=12765> & <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=17207> & <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=20469>, <https://www.focus-economics.com/country-indicator/india/inflation/> and, <https://www.worlddata.info/asia/india/inflation-rates>, <https://www.bankbazaar.com/gold-rate/gold-rate-trend-in-india.html>, [www.bseindia.com](http://www.bseindia.com)

# Choose wisely

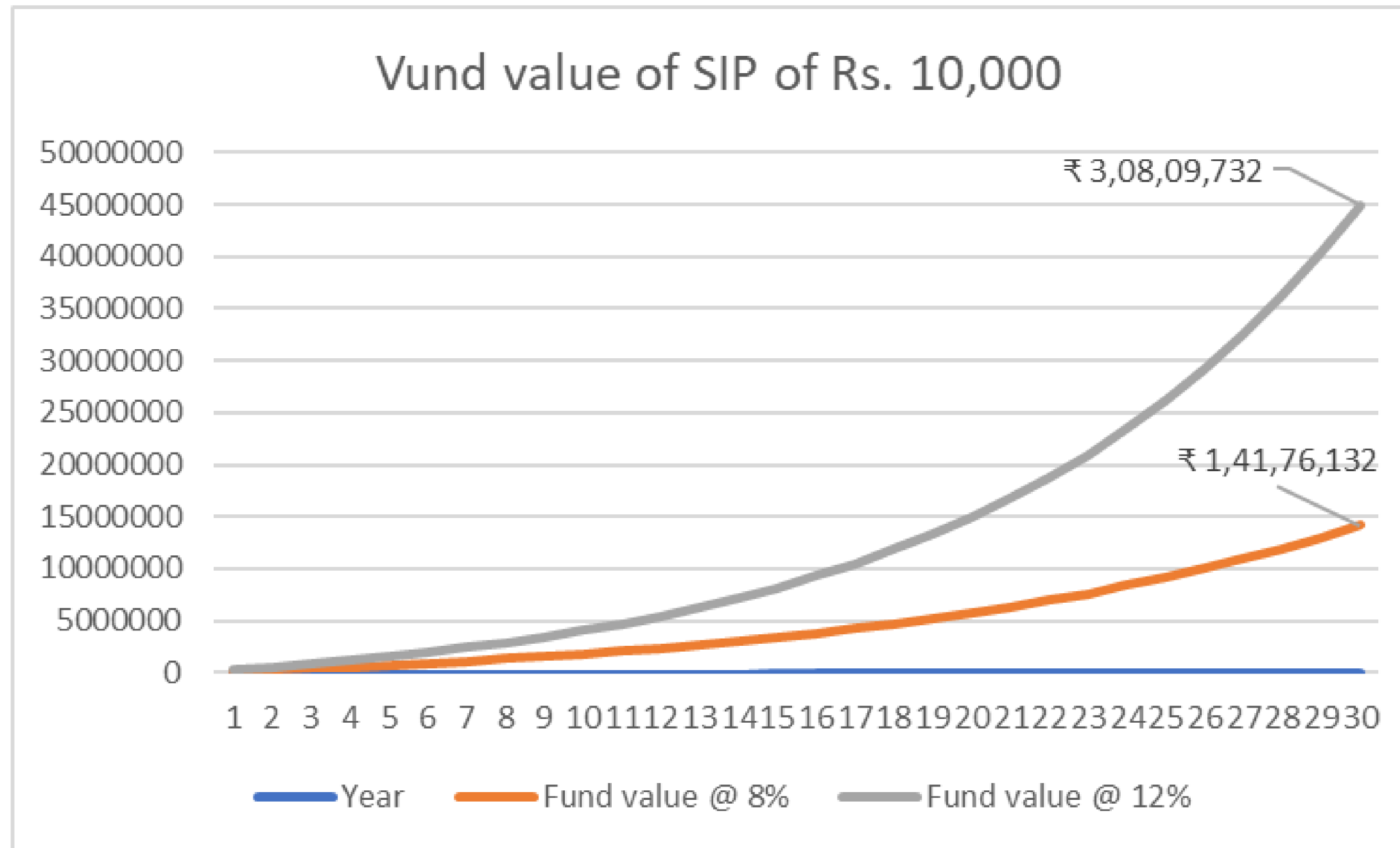


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The calculation is only for illustrative purposes.



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# What about Risk?

Ratio of Positive Rolling Return	Probability of Negative return	Probability of Loss
1 Year	14 Out of 44	<b>31.82%</b>
3 Years	7 Out of 42	<b>16.67%</b>
5 Years	2 Out of 39	<b>5.13%</b>
10 Years	1 Out of 35	<b>2.86%</b>
15 Years	0 Out of 30	<b>0.00%</b>
20 Years	0 out of 25	<b>0.00%</b>

- Markets are volatile in the short term.
- As the investment horizon increases, the probability of loss reduces. E.g., the table shows that, in the last 44 years of SENSEX, the likelihood of losing money for periods of 15 years or more has been NIL.
- SENSEX has compounded wealth at 15.72% over the long run. At this rate, an investment in the stock market has historically doubled approximately every 4.5 Years

# SIP return analysis

SIP return analysis for **5 years** of Period for various categories

Category	Large Cap	Mid Cap	Small Cap	Large & Mid Cap	Flexicap	ELSS
Highest Return	19.13%	26.92%	37.35%	20.97%	27.23%	28.06%
Average Return	14.79%	20.51%	26.29%	17.46%	16.28%	16.44%
Lowest return	11.56%	14.04%	18.44%	12.86%	9.45%	8.86%
No of Funds	26	22	14	21	22	33
Schemes with 15%+ CAGR	13	21	14	18	15	22
Schemes with 12%+ CAGR	23	22	14	21	20	30
Schemes with 10%+ CAGR	26	22	14	21	21	32

As of 4th July 2023. Past performance may or may not sustain in the future. Source: [www.advisorkhoj.com](http://www.advisorkhoj.com)

# SIP return analysis

SIP return analysis for **10 years** of Period for various categories

Category	Large Cap	Mid Cap	Small Cap	Large & Mid Cap	Flexicap	ELSS
Highest Return	15.12%	18.78%	23.90%	18.92%	20.77%	22.39%
Average Return	12.66%	16.57%	19.36%	14.62%	14.12%	14.02%
Lowest return	9.39%	13.96%	13.98%	12.16%	8.81%	10.41%
No of Funds	25	17	10	19	16	24
Schemes with 15%+ CAGR	1	12	9	8	4	2
Schemes with 12%+ CAGR	17	17	10	19	13	22
Schemes with 10%+ CAGR	24	17	10	19	14	24

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# SIP return analysis

SIP return analysis for **15 years** of Period for various categories

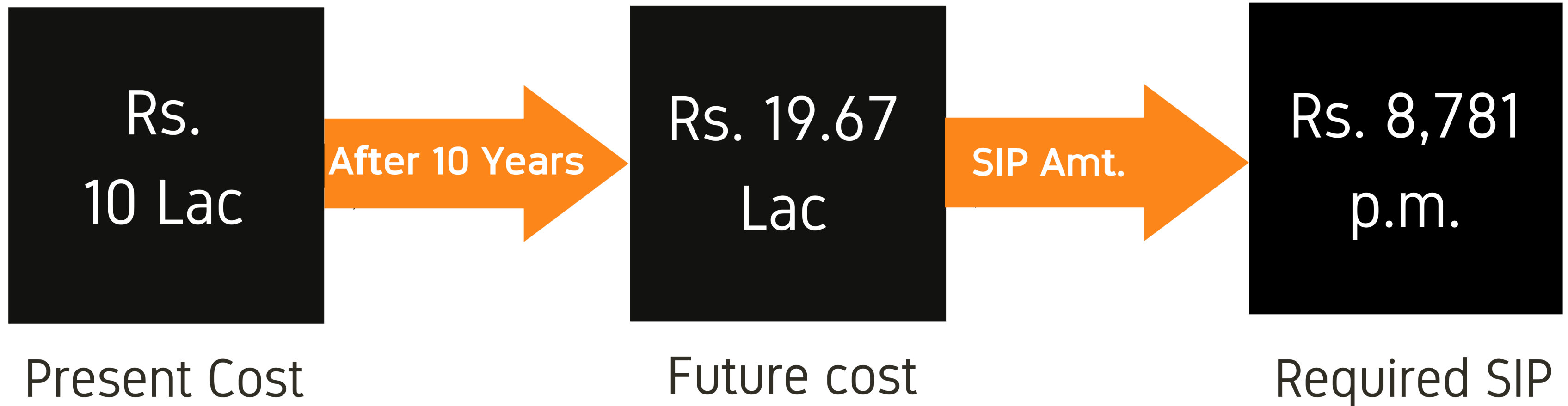
Category	Large Cap	Mid Cap	Small Cap	Large & Mid Cap	Flexicap	ELSS
Highest Return	15.66%	19.50%	20.87%	19.36%	15.33%	17.87%
Average Return	12.59%	17.13%	17.87%	14.49%	13.47%	13.92%
Lowest return	9.32%	14.69%	15.11%	12.15%	9.75%	12.27%
No of Funds	17	15	8	16	11	16
Schemes with 15%+ CAGR	1	14	8	5	1	2
Schemes with 12%+ CAGR	9	15	8	16	9	16
Schemes with 10%+ CAGR	16	15	8	16	9	16

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CHOOSE THE  
RIGHT  
INVESTMENT  
AMOUNT

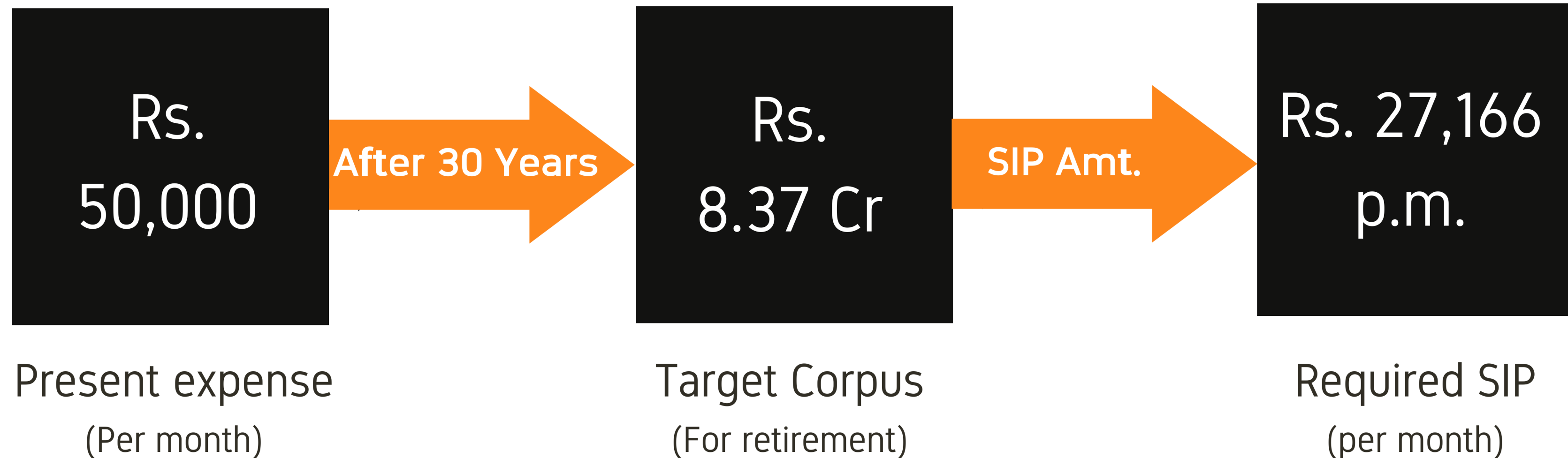


# Rights SIP amount for Education



Inflation Assumed - 7%; Assumed SIP Return - 12% CAGR \*The calculation is only for illustrative purposes.

# Rights SIP amount for Education



Current Age - 30 yrs; Retirement Age - 60 yrs; Life Expectancy - 80 yrs; Inflation - 7%; Post Retirement Return - 8%; Pre Retirement Return - 12%; Future Monthly Expenses - 3.81 Lakhs  
The above calculation is only for the illustrative purposes



# Always go for Topup SIP

Option to increase the amount of the SIP Installment by a fixed amount or fixed percentage at pre-defined intervals



# Normal Vs Topup SIP

SIP Amount	10,000
SIP Tenure (in no. of Years)	25
Avg. Annual Return Assumed	12%
Increase SIP amount by fixed %	10%

Type	Your Investment	Future Value
Normal SIP	30,00,000	1,70,22,066
Top Up SIP	1,18,01,647	3,93,55,018
<b>Additional</b>	<b>88,01,647</b>	<b>2,23,32,952</b>

The calculation is only for illustrative purposes.

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

