

Systematic Investment Plan(SIP)



Equity Investment Through



Mutual Funds

- Why Save ?
- Why Systematic Investment Plan ?

WHY SAVE??

- **Because the Cost of living is Increasing ↑...**

	1990	2015	2025
• Toothpaste	Rs.12	Rs.40	Rs.100
• LPG Gas	Rs.57	Rs.425	Rs.2315
• Education	1000's	10,00,000's	?

WHY SAVE??

•...while sources of revenue are ↓

•Age 25 Start career

100% dependent on job

•Age 30 Marriage

•Age 40 Buying a house

•Age 55 Children's Education/
• Marriage

•Age 60 Retirement

100% Dependent on
Earnings from Investment

WHY SAVE??

Ajay, 30 yrs

Present monthly
spending:

Rs. 20000

Estimated monthly
spending at 60:

Rs. 86000

Accumulation
required at 60:

Rs. 1.14 Cr.

Monthly Savings

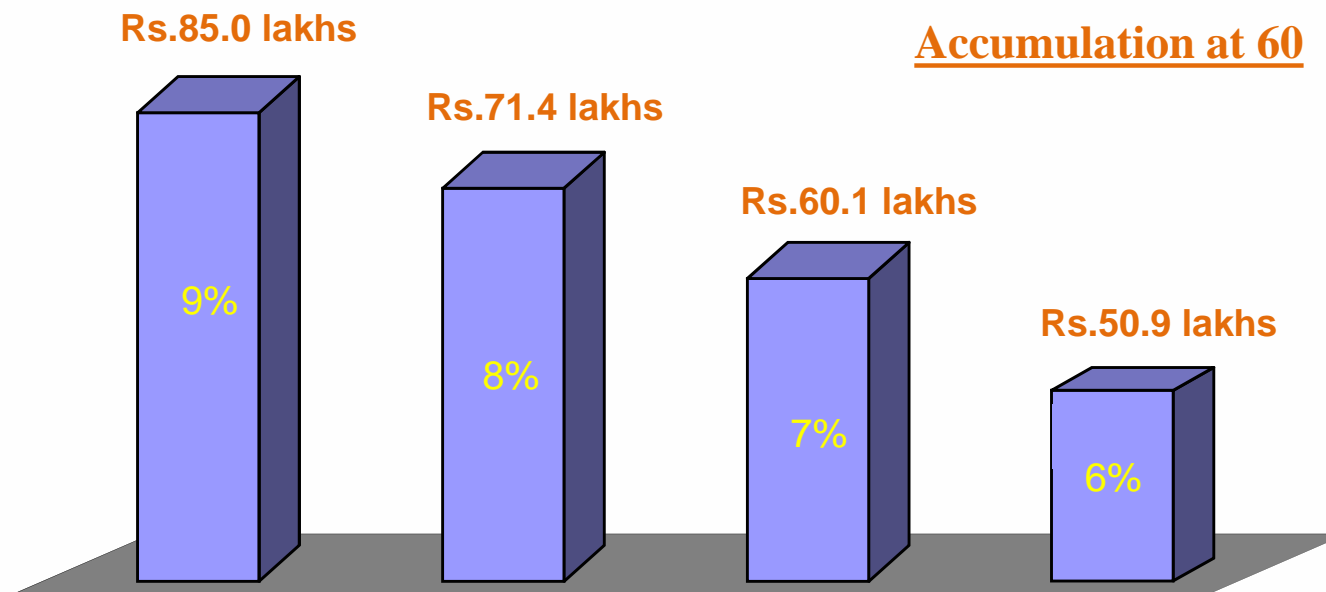


Inflation assumed @5% p.a

Returns assumed @9% p.a.

REALITY CHECK...

- Falling rates will reduce the net accumulation from traditional Investment avenues
- Age: 30 yrs; Annual savings: Rs.40,000; Increase in Annual Saving: 5%



- **"Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it."**

-Albert Einstein

POWER OF COMPOUNDING



- Example:

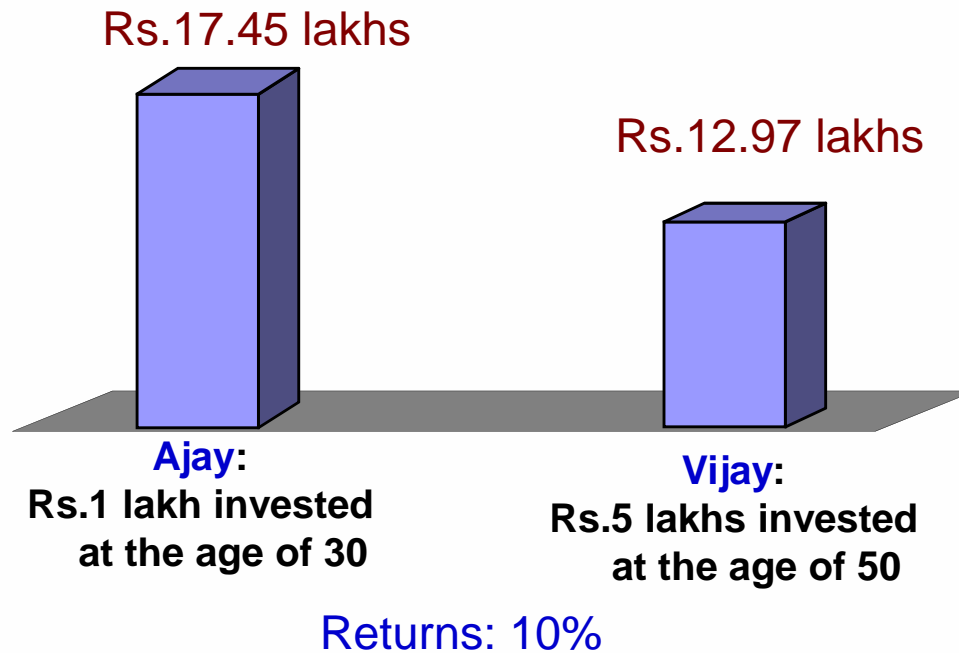
If you started investing Rs.10000 a month on your 40th birthday ,in 20 years time you would have put a side Rs.24lakhs. If that investment grew by an average of 7%ayear , it would be worth Rs.52.4 lakhs when you reach 60.

However, if you started investing 10 years earlier ,your Rs.10000 each month would add upto Rs.36 lakh over 30 years. Assuming the same average annual growth of 7%, you would have Rs.1.22 Cr. your 60th birthday-more than double the amount you would have received if you had started ten years later!

BASIC PRINCIPLE → (1)

- Start early...

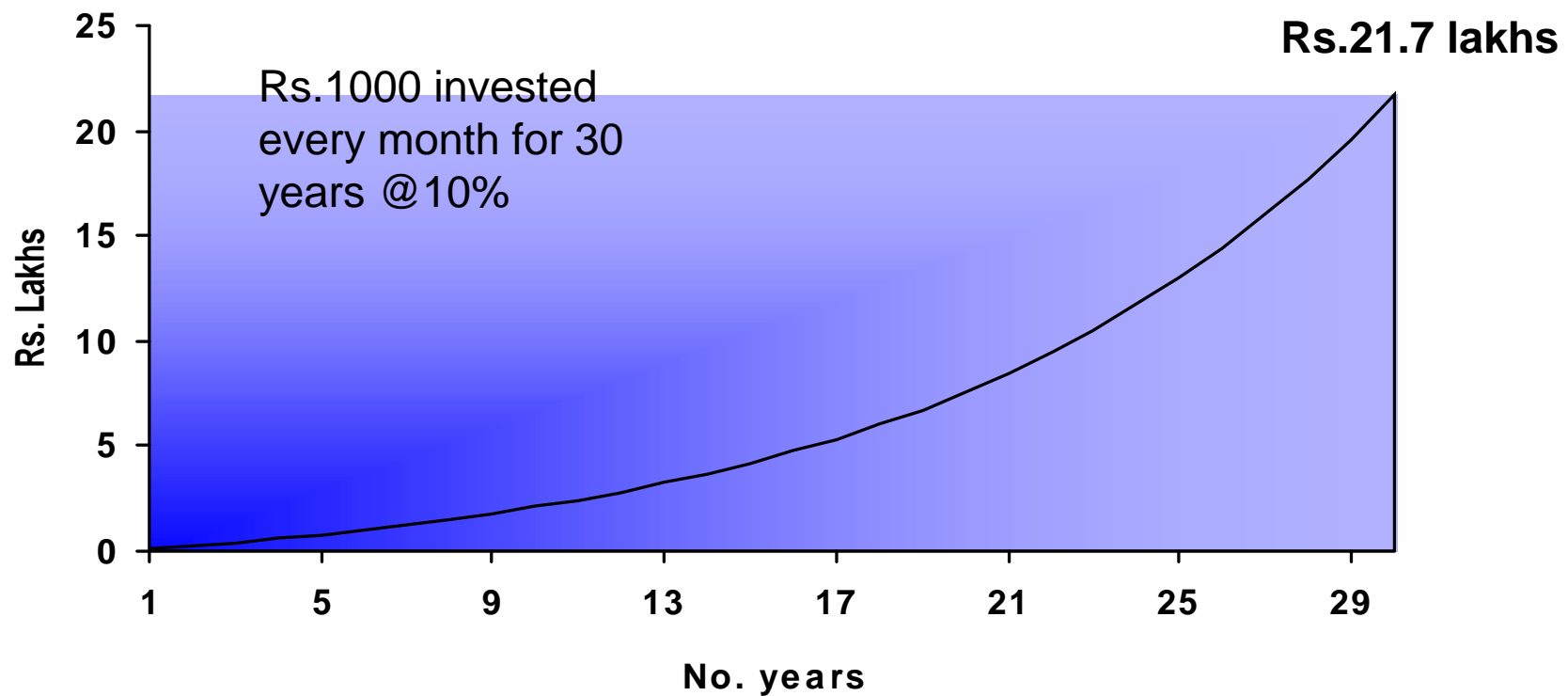
Value at the age 60



Power of Compounding

BASIC PRINCIPLE → (2)

- **Save Regularly...It all adds up!**



A small amount invested regularly can grow to substantial lump sum

SIP ADVANTAGES



Disciplined Saving- Discipline is the key to successful investments. When you invest through SIP, you commit your self to save regularly. Every investment is a step towards attaining your financial objectives.

Flexibility- While it is advisable to continue SIP investments with along term perspective ,there is no compulsion. Investors can discontinue the plan at anytime. One can also increase / decrease the amount being invested.

Long-Term Gains- Due to rupee-cost averaging and the power of compounding SIPs have the potential to deliver attractive returns over along investment horizon.


Convenience- SIP is a hassle-free mode of investment. You can issue as Standing instruction to your bank to facilitate auto-debits from your bank account.

**The Big Money is not in the Buying
and Selling but in the Waiting.**

15 YEARS OF OUTSTANDING PERFORMANCE

There are 21 equity fund schemes have completed 15years.
If we talk about lump sum investment, Rs.1 lakh invested in these funds would have grown to Rs.24.87 lakh in 15 years period translating into average return of 22.78% CAGR(Compounded Annual Growth).

15 yrs Performance Returns on Rs. 1 Lakh invested		
Category	CAGR	Current Value
Avg. of MF Schemes	22.87%	24,87,582
Sensex	11.72%	5,30,932



Yes the average fund has multiplied your investment by 24 times in 15years.
During this period of 15 years, SENSEX has gone up from 3224 level to 19400 level, around 6 times.

15 YEARS OF OUTSTANDING PERFORMANCE

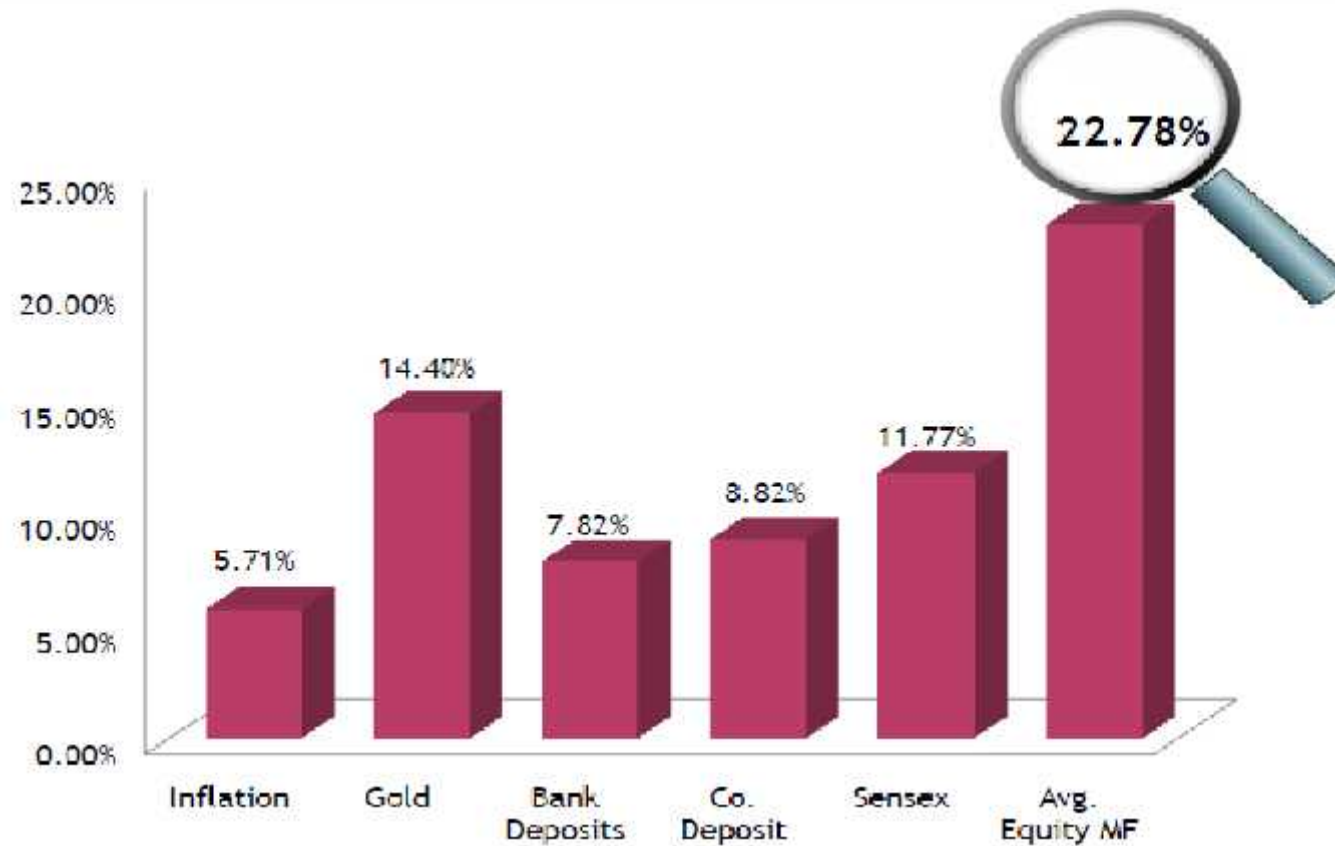
If we talk about SIP investment , the average SIP return of 21 diversified equity funds is 21.18% over last 15years. So someone who had started with SIP of Rs10,000 in January 1998 ,has accumulated Rs.1.12 crore as on 31st December 2012 (on an investment of Rs.18 lakhs over the 15 year period).

15 yrs Performance Returns on Rs. 10,000 invested per month		
Category	CAGR	Current Value
Avg. of MF Schemes	21.18%	1,11,92,342
Sensex	13.99%	56,47,188



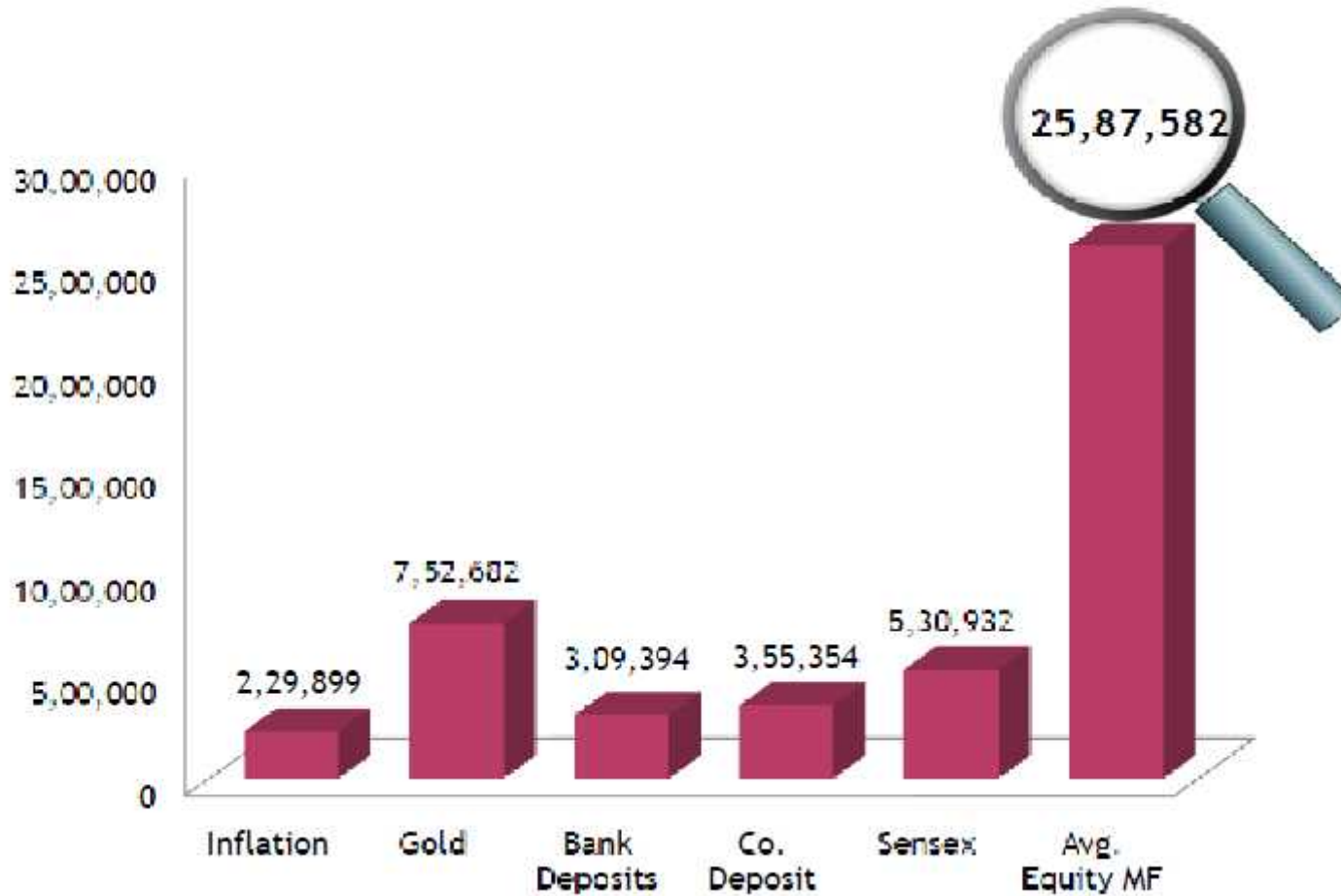
Just to give you a perspective ,even the worst performing fund has delivered close to 9% tax free return in last 15years (which is considered better than average bank F.D. return) and the best performing fund has 26.01% CAGR in 15 year period.

GROWTH OF DIFFERENT ASSET CLASSES



Actual Gain

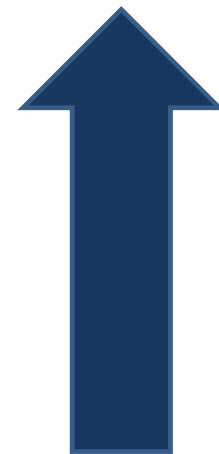
GROWTH OF RS. 1 LAKHS IN DIFFERENT ASSET CLASSES IN 15 YEARS



To Break the Cycle of Fear, Greed & Hope &
Become a Successful Equity Investor One Should

Start

SIPs Mutual Funds



Why..



Systematic investment
Plan?

WHAT IS RUPEE COST AVERAGING / SIP



- We call it **Disciplined Regular Investment**
- Science, Art or A Habit?
- The Markets are volatile: they move up and down in an unpredictable manner
- Invest a fixed amount, at regular, predetermined intervals and use the market fluctuations to your benefit
- How does it help you:
 - You buy more and more when the market is down
 - You buy less when the market is up
 - Over time the market fluctuations are averaged
 - Most likely you will realise a saving on the cost per unit
 - This leads to **HIGHER RETURNS**

WORKING OF SIP IN ANY KIND OF MARKET

Month	Amount Invested	Rising Market		Falling Market		Volatile Market	
		NAV	Units Alloted	NAV	Units Alloted	NAV	Units Alloted
1	1,000	10	100.00	10	100.00	10	100.00
2	1,000	12	83.33	8	125.00	12	83.33
3	1,000	14	71.43	6	166.67	8	125.00
4	1,000	16	62.50	4	250.00	10	100.00
Total	4,000	52	317.26	28	641.67	40	408.33
Average Purchase Price		13		7		10	
Average Cost Per Unit		12.61		6.23		9.80	

**Ready
For
SIP???**



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