

Reaching goals is
easier when you
Stay In Play!



Systematic Investment Plan
#StayInPlay

*Good running
between the wicket*

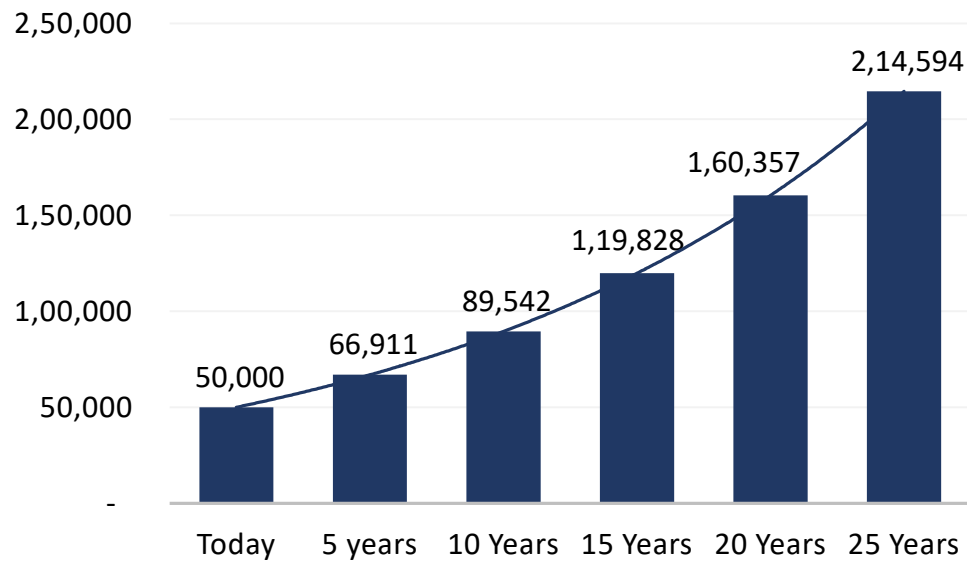
Playing **Consistently** for full quota of overs is important to reach your goals in Cricket and Mutual Fund Investments.
Start an **SIP** today!

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

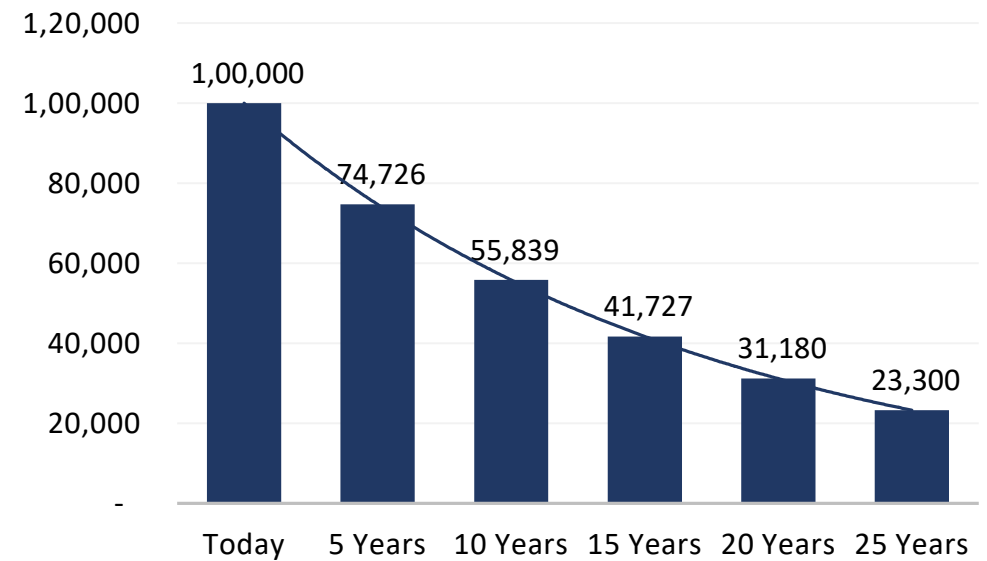


Inflation: The Silent Killer

Impact of Inflation on today's Monthly Expenses of Rs.50,000



Purchasing Power of Rs. 1,00,000 over the time (if left idle)



For illustration purpose only. The rate of inflation (6% p.a.) assumed above is for the purpose of illustration and actual rate may differ.



Inflation Takes a Toll in Many Ways

Individuals plan for various life goals and inflation can hamper realization of these goals



Today
Rs.10,00,000

15 years from now
Rs.23,96,558

Today
Rs.25,00,000

25 years from now
Rs. 1,07,29,677



Today
Rs.75,00,000

10 years from now
Rs.1,34,31,358

Today
Rs. 2,00,00,000

35 years from now
Rs.15,37,21,736



For illustration purpose only. The rate of inflation (6% p.a.) assumed above is for the purpose of illustration and actual rate may differ.



Challenges to Equity Investment

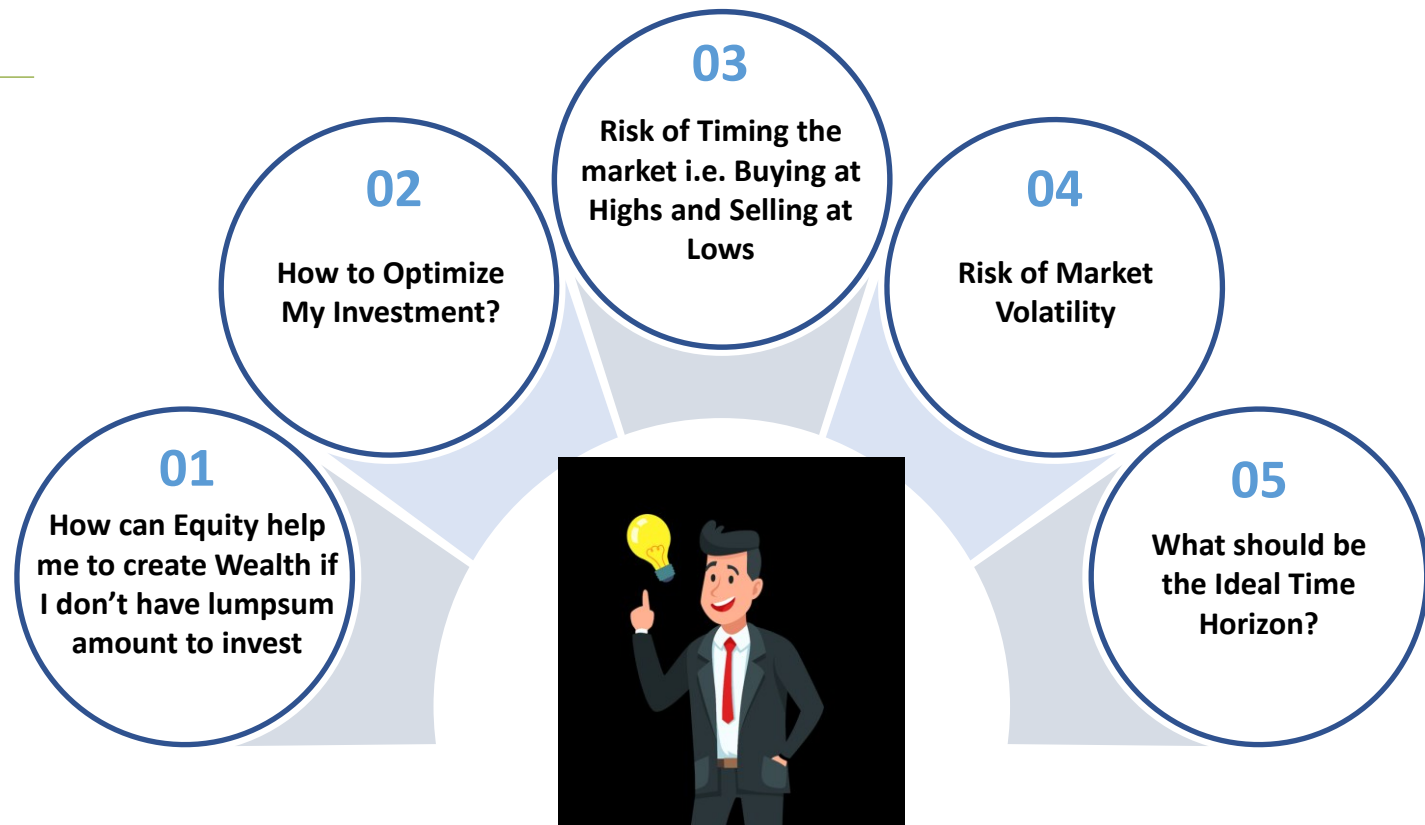
Equity investment poses its own challenges to investors like:





Challenges to Equity Investment

SIP is a solution to all these problems





Rupee Cost Averaging

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
SIP Amount (Rs.)	10,000	10,000	10,000	10,000	10,000	10,000
NAV (Rs.)	10.00	9.50	10.50	9.50	11.00	10.50
Units	1,000	1,053	952	1,053	909	952

Total Investment
Rs. 60,000

Total Units **5,919**
Average NAV Rs. **10.2**

Average Cost
Per Unit (Rs. 60,000/5,919)
Rs. **10.1**

In above illustration, we can see the average purchase cost comes out to be **Rs. 10.1** whereas Average NAV is **Rs. 10.2**

Under SIP, we really don't need to time the market. We can invest at predetermined intervals.

Generally, you buy more units when market is low and vice versa, this helps to average out cost of purchase.

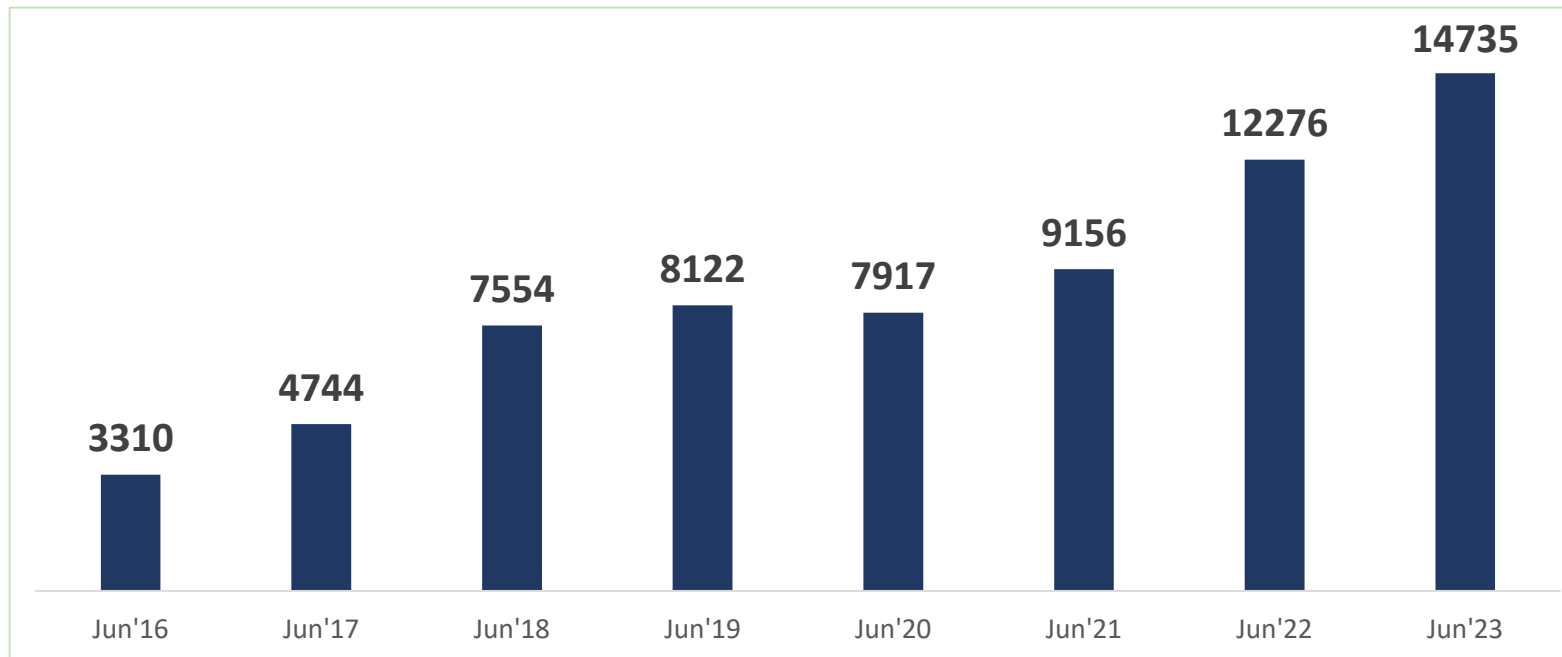
For illustration purpose only.



SIP: Industry Trend

Over the years, the Systematic Investment Plan (SIP), a feature offered by Mutual Funds, has become a household name. Its popularity among investors can be seen from the below given graph, which depicts growth in monthly SIP contribution by investors over the last six years.

Monthly SIP Contribution in ₹ Crore



Data Source: AMFI (Month-end numbers for Indian Mutual Fund Industry)



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Some Frequently Asked Questions for SIP



Q1. Which Date to Select for Monthly SIP?

Start of the Month? End of the Month? Middle of the Month? Near the *Last Thursday* of the month because of higher volatility due to F&O expiry? Splitting SIP amount into multiple date SIPs?

We tried answering these commonly asked questions using long-period data from **S&P BSE Sensex TRI** (a widely tracked Indian Equity Market Index). The study of the last 26 years' index data reveals **no meaningful difference** between the average return of different dates' 10 Years SIPs.

Data for S&P BSE Sensex TRI

Monthly SIP Date	1	2	3	4	5	6	7
SIP Return (% XIRR)	15.71%	15.69%	15.69%	15.66%	15.66%	15.64%	15.63%
Monthly SIP Date	8	9	10	11	12	13	14
SIP Return (% XIRR)	15.63%	15.62%	15.62%	15.64%	15.65%	15.66%	15.67%
Monthly SIP Date	15	16	17	18	19	20	21
SIP Return (% XIRR)	15.68%	15.66%	15.68%	15.68%	15.67%	15.69%	15.68%
Monthly SIP Date	22	23	24	25	26	27	28
SIP Return (% XIRR)	15.69%	15.70%	15.69%	15.69%	15.69%	15.69%	15.68%



The best SIP date in our view, is when an investor usually receives money in his/her bank account (For Example; Salary Credit Day).

For illustration purpose only. 10 Years Average SIP Return (% XIRR) on Daily Rolling Basis for a particular date of the month for S&P BSE Sensex TRI between September 1996 to June 2023. **Past performance may or may not be sustained in future. Index performance does not signify scheme performance.**



Q2. Which SIP Frequency to Select ?

A historical data analysis provided below suggests that, in the long term, it hardly matters if the investor invests via Daily, Weekly, or Monthly SIP Frequency. All three frequencies end up generating somewhat similar returns (% XIRR).

The key takeaway from the analysis is to focus on investing a small amount regularly for the long term.

Data for S&P BSE Sensex TRI

SIP Frequency --->	Daily	Weekly	Monthly
SIP Instalment Amount	₹ 1,000	₹ 4,754	₹ 20,671
Total Amount Invested	₹ 66.56 Lac	₹ 66.56 Lac	₹ 66.56 Lac
Current Valuation	₹ 6.74 Crore	₹ 6.76 Crore	₹ 6.77 Crore
% XIRR	14.5%	14.5%	14.5%



Starting a SIP early and running it for the long term is more important than what frequency one selects!

For illustration purpose only. % XIRR for S&P BSE Sensex TRI for SIP between September 1996 to June 2023. SIP instalment amounts are selected in such a way, so that the total investment remains the same in all the three frequencies for better comparison. **Past performance may or may not be sustained in future. Index performance does not signify scheme performance.**



Q3. Isn't it better if I time my monthly purchases?

- Only in hindsight would we know, what would have been the best day to invest during a month. It is impossible to consistently time the market levels.
- Waiting for the right time to invest can lead to missed opportunities
- Not investing at all is a more significant loss than entering an unfavorable market
- Even the worst market timing will help grow wealth

S&P BSE Sensex TRI SIP Return (% XIRR) From September 1996 - June 2023



It's time in the market, not timing the market.

For illustration purpose only. % XIRR for S&P BSE Sensex TRI for SIP between September 1996 to June 2023. **Past performance may or may not be sustained in future. Index performance does not signify scheme performance.**



Q4. Large Cap, Mid Cap or Small Cap SIP?

As we all know, an average Large Cap stock is generally less volatile than an average Small and Mid Cap stock and provides stability to the portfolio. However, the Small and Mid Cap (SMID) segments may offer many opportunities for potential higher growth in the long run.

The study reveals that, among the three market cap segments, Mid Cap Segment was a good investment option for investors seeking to invest via the long-term SIP route.

10 Years Monthly SIP Rolling Returns	Index Name →	Nifty 100 TRI	Nifty Midcap 150 TRI	Nifty Smallcap 250 TRI
	Minimum Return	4.3%	6.0%	-0.4%
	Maximum Return	16.3%	21.4%	20.0%
	Average Return	12.5%	16.5%	13.6%
	Median Return	12.7%	16.7%	14.4%
	% Times Positive Return	100%	100%	99%
	% Times more than 10% Return	91%	97%	84%
	% Times more than 12% Return	65%	95%	74%
	% Times more than 15% Return	7%	74%	43%



Mid Cap segment can be a good investment option for the investors seeking to invest via the long-term SIP route!

Source: MFIE. 10 Year Monthly Rolling Return considered from Apr-05 to Jun-23, first observation recorded on 1-Apr-15. Past performance may or may not sustain in future. Index performance does not signify scheme performance. Returns are in % XIRR. Numbers are rounded off to nearest decimal.



Q5. What is an Ideal Investment Time Horizon for SIP ?

Experts often suggest investors invest for the “Long-term,” but what exactly is “Long-term”? What is the “Ideal Investment Horizon”? Or is there anything called an “Ideal Investment Horizon”?

Equities have proved to be a volatile asset class in the past. But, the study reveals volatility reduces as investors increase their investment horizon.

Data for S&P BSE Sensex TRI

SIP Period -->	3 years	5 years	8 years	10 years	12 Years	15 years
Maximum Return	52.4%	50.0%	40.8%	29.6%	21.7%	18.1%
Minimum Return	-36.2%	-10.5%	1.4%	4.6%	6.2%	7.4%
Average Return	13.0%	15.2%	16.2%	15.7%	14.7%	14.3%
Median Return	12.3%	13.1%	14.2%	14.1%	13.6%	14.6%
% Times Postive Return	84%	91%	100%	100%	100%	100%
% Times more than 8% Return	63%	81%	94%	99%	99%	99%
% Times more than 10% Return	55%	72%	81%	94%	98%	97%
% Times more than 12% Return	51%	58%	67%	78%	75%	90%



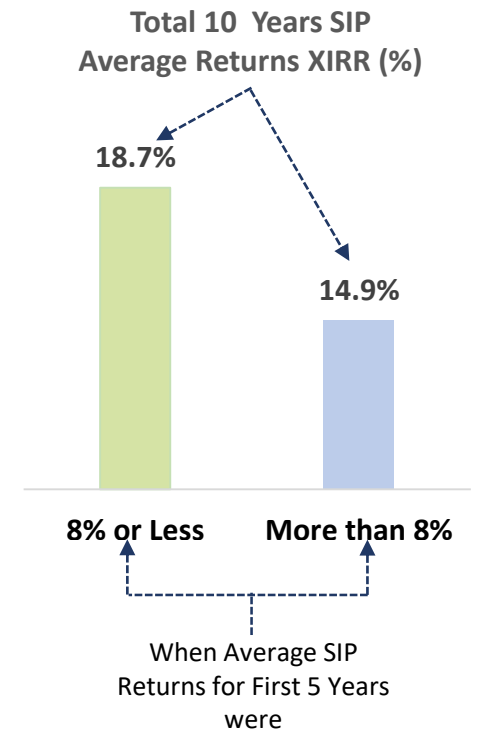
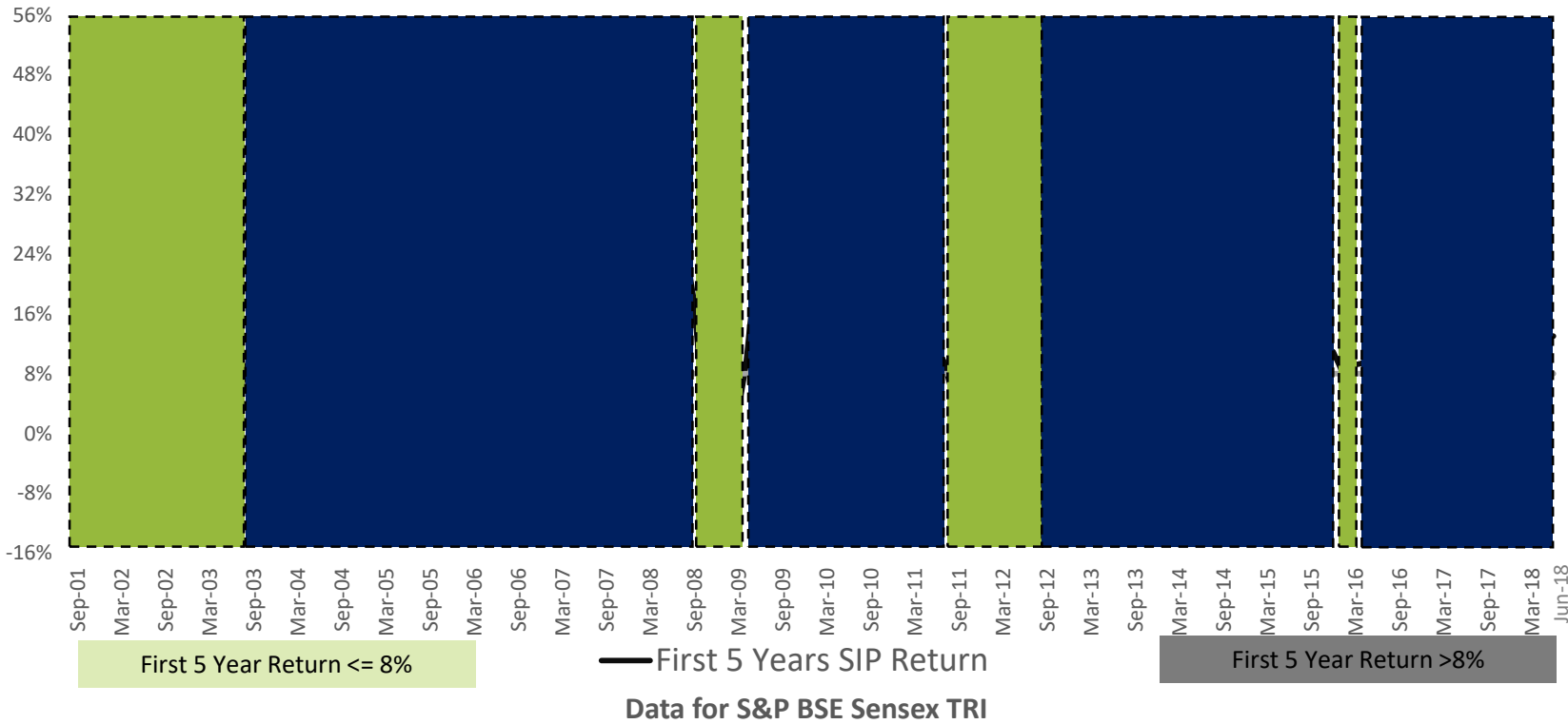
Longer the Investment Horizon, Higher is the Probability of receiving decent Returns!

For illustration purpose only. Above returns are %XIRR Rolling Returns on monthly basis for S&P BSE Sensex TRI for SIP between September 1996 to June 2023. **Past performance may or may not be sustained in future. Index performance does not signify scheme performance.**



Q6. Shall I stop my SIP since the market is not doing well?

The SIP, which has delivered comparatively lower returns in the initial 5 years, has delivered a better return on 10 years basis (on an average).



A Slow Start is a Good Start !!

For illustration purpose only. Source : MFI explorer 10 Years and 5 years Average SIP Return (% XIRR) on monthly basis on end of month date for S&P BSE Sensex TRI between August 1996 to June 2023. Past performance may or may not sustain in future. Index performance does not signify scheme performance.



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