



## Invest in Mutual Funds through SIP for your financial health.

Some good habits help you stay healthy in the long run. So is the case with your financial health. That's why, start investing in Mutual Funds regularly through Systematic Investment Plan (SIP). SIP adopts Rupee Cost Averaging concept, wherein more units are purchased at a lower price and lesser units at a higher price. So your investments will always be unaffected by market volatility and stay in the pink of health.



To know more, contact your financial adviser or visit [www.hdfcmfinvestwise.com](http://www.hdfcmfinvestwise.com)

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# Presenting Systematic Investment Plan - A Prudent Investment Strategy

## What are SIPs?

- Systematic Investment Plan (SIP) is an investment technique whereby the investor invests a fixed sum of money at regular intervals, say once a month or once a quarter.
- For instance, your SIP may involve
  - Investing Rs. 5000
  - On the 5<sup>th</sup> of every month
  - In a particular scheme of a mutual fund
  - For the next five years
- Essentially SIPs help avoid 'Decision Paralysis' associated with emotions of fear and greed and takes advantage of ups and downs in the market.

## Systematic Investment Plan - Illustration

### Take Advantage of Rupee Cost Averaging

Most investors think that buying stocks at low prices and selling them when prices are high is a favourable strategy. But this is hard to achieve and involves risky variables.

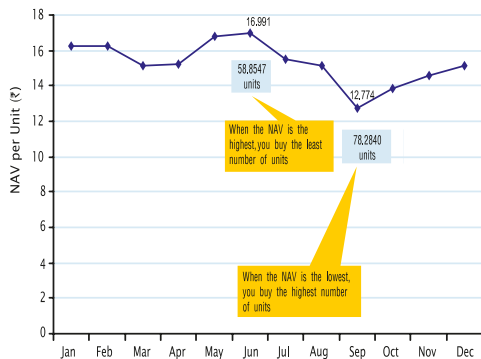
A more successful investment strategy is to adopt a method called Rupee Cost Averaging. Under Rupee Cost Averaging, more units are purchased when prices are low and fewer units when prices are high. Imagine investing Rs. 1,000 every month in an equity mutual fund scheme starting in January. The following table illustrates how this investment would have behaved from Jan to Dec.

### Rupee Cost Averaging - An illustration

Month	NAV per Unit* (₹)	Amount (₹)	Units
January	16.240	1,000	61.5764
February	16.266	1,000	61.4779
March	15.123	1,000	66.1244
April	15.266	1,000	65.5050
May	16.845	1,000	59.3648
June	16.991	1,000	58.8547
July	15.501	1,000	64.5120
August	15.114	1,000	66.1638
September	12.774	1,000	78.2840
October	13.848	1,000	72.2126
November	14.566	1,000	68.6530
December	15.111	1,000	66.1770
<b>Total</b>		<b>12,000</b>	<b>788.9056</b>

\*NAV as on the 10<sup>th</sup> of every month. The NAVs are illustrative only.

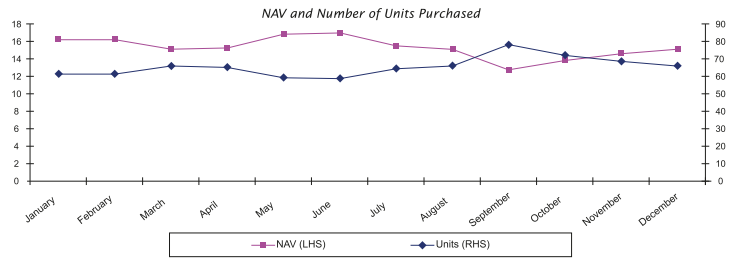
As seen in the table, by investing through SIP, you end up buying more units when the price is low and fewer units when the price is high. However, over a period of time these market fluctuations are generally averaged. And the average cost of your investment is often reduced. In the adjacent table the average cost per unit is approximately Rs. 15.21.



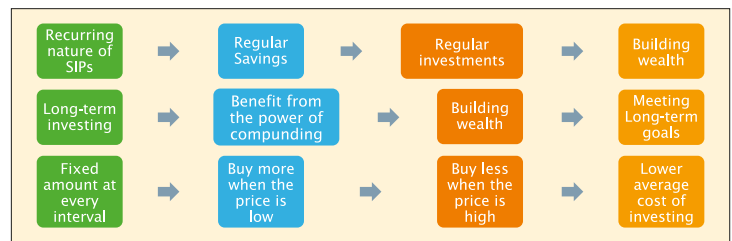
Disclaimer: The illustration above is merely indicative in nature and should not be construed as investment advice. It does not in any manner imply or suggest current or future performance of any Mutual Fund Scheme. Rupee Cost Averaging neither ensures you profits nor protects you from making a loss in declining markets.

## SIP automatically ensures that you buy more at lower prices and less at higher prices

By investing through SIP, you end up buying more units when the price is low and fewer units when the price is high. However, over a period of time these market fluctuations are generally averaged and the average cost of your investment is often reduced.



## Why SIPs?



## Systematic Investment Plan - Building wealth

Regular investing for long periods of time deliver healthy returns

### An Illustration:

Monthly Savings - What your savings may generate				
Savings per month (Rs.) (for 15 Years)	Total amount invested (in Rs. Lakhs)	Assumed rate of return (per annum)		
		6.00%	8.00%	10.00%
		(Rupees in lacs, 15 years later)*		
5,000	9.0	14.6	17.4	20.9
4,000	7.2	11.7	13.9	16.7
3,000	5.4	8.8	10.4	12.5
2,000	3.6	5.8	7.0	8.3
1,000	1.8	2.9	3.5	4.2

\*Monthly instalments, compounded monthly, for a 15-year period.

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### Comparing SIP with any other method of investing

SIP	Other methods of investing
<ul style="list-style-type: none"> <li>Uncomplicated and largely automatic</li> <li>Small amounts of funds required</li> <li>No need to time the market</li> <li>Minimized average cost per unit</li> <li>Simple way to create long-term wealth</li> </ul>	<ul style="list-style-type: none"> <li>Good amount of research and market tracking required</li> <li>Lump sum funds required</li> <li>Make your best attempt to time the market</li> <li>Cost per unit depends on your market</li> <li>Trust your luck!</li> </ul>

## Benefits of SIP

- Disciplined investments (Remember, an investor's worst enemy is not the stock market, but his own emotions)
- Reach your financial goals
- Take advantage of Rupee Cost Averaging, i.e. get more units when prices are low and buy less when prices are high
- Grow your investments with compounded benefits
- Do all this effortlessly

**When you walk a mile, you have actually walked numerous little steps in the right direction.**

**Similarly, regular savings are a journey and financial goals your destination. SIPs could be your steps towards meeting your financial goals.**

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

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