



# **Systematic Investment Plan**

**The Smart Investor's Choice**



# How Do I Build Wealth?

- The objective of investors is to **buy** when the prices are **low**, and **sell** when the prices are **high**
- Sounds simple, but trying to **time the market** is:
  - Time Consuming
  - Risky
  - and Almost Impossible
- A more successful strategy is to adopt **Disciplined Regular Investment**



# What is Rupee Cost Averaging

- We call it **Disciplined Regular Investment**
- 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 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** over a period of 3 time



# Let Us Compare: A Case Study

## **Disciplined Regular Investment vis-à-vis One Time**

## **Investment during the year 2000 in HDFC Equity Fund.**

- Darshit invests Rs. 1000 in the beginning of every month in the year 2000
- Rajesh invests Rs. 12000 in January 2000

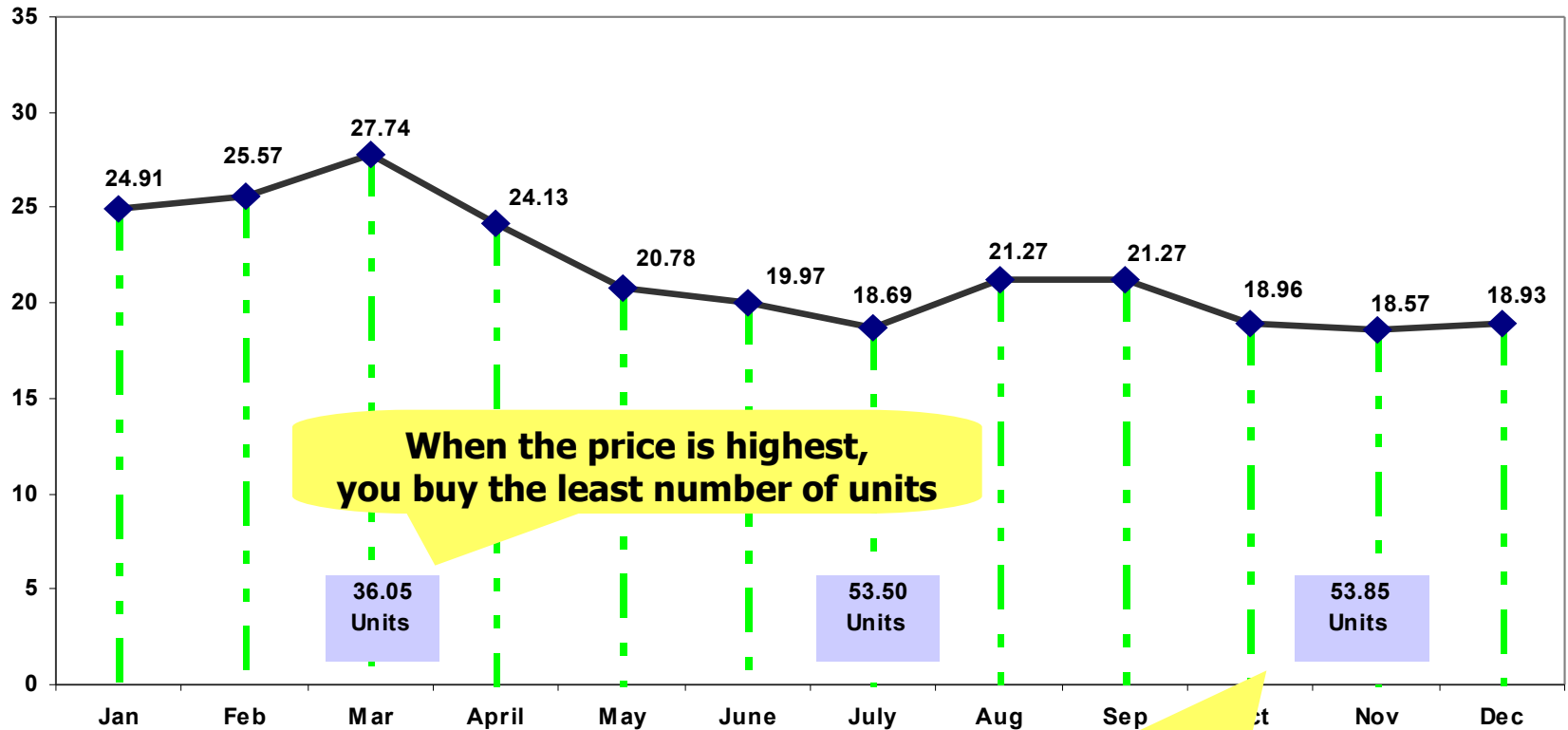


# Let Us Compare

Year 2000		Darshit's Investment		Rajesh's Investment	
Month	NAV	Amount	Units	Amount	Units
Jan	24.91	1000	40.14	12000	481.73
Feb	25.57	1000	39.11		
Mar	27.74	1000	36.05		
April	24.13	1000	41.44		
May	20.78	1000	48.12		
June	19.97	1000	50.08		
July	18.69	1000	53.50		
Aug	21.27	1000	47.01		
Sep	21.27	1000	47.01		
Oct	18.96	1000	52.74		
Nov	18.57	1000	53.85		
Dec	18.93	1000	52.83		
<b>Total</b>		<b>12000</b>	<b>561.90</b>	<b>12000</b>	<b>481.73</b>



# How Much Do I Buy?

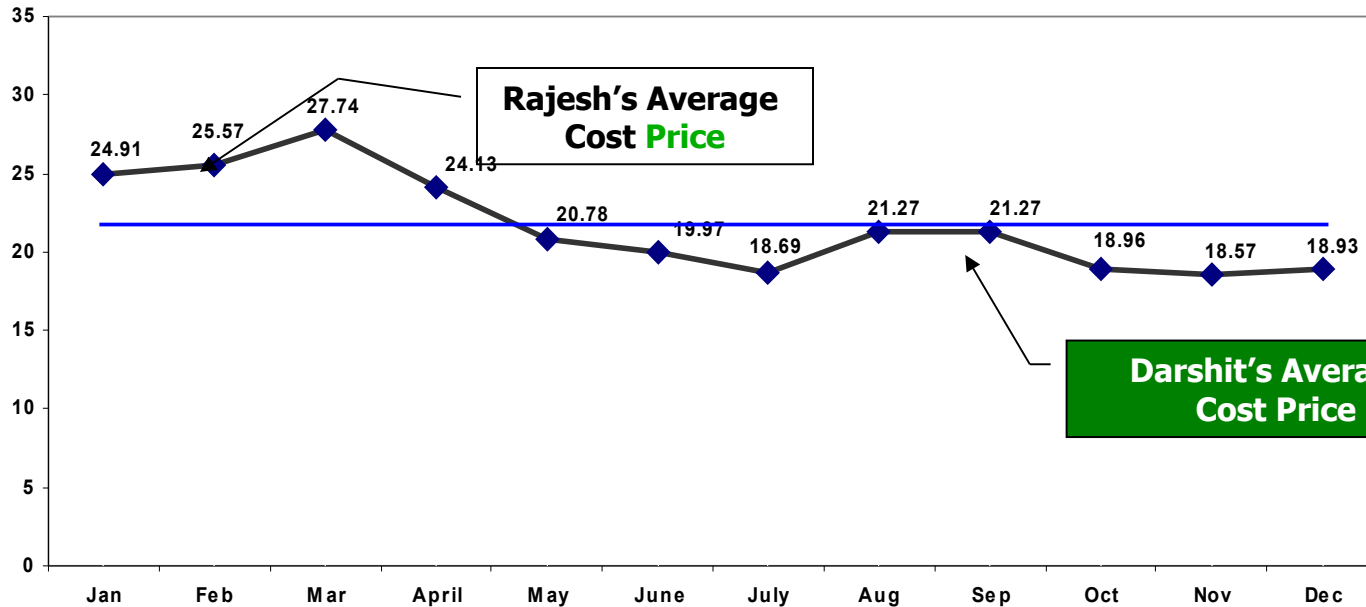


**When the price is highest,  
you buy the least number of units**

**When the price is lowest,  
you buy the highest number of units**



# The Facts Explained



Your average unit price =  $12000/561.90 = \text{Rs. } 21.35$

Rajesh's average unit price = Rs. 24.91

**Your Saving = Rs. 3.55 per unit**

**Systematic Investing helps you purchase 80.70 units more at price which is Rs. 3.55 lower than One Time Investment**



# Let Us Compare Returns

Lets assume both Darshit and Rajesh decide to redeem on Dec 31, 2003  
(NAV on Dec 31, 2003 - Rs. 51.57)

	<b>Darshit</b>	<b>Rajesh</b>
Number of Units	561.90	481.73
Amount Received	<b>Rs. 28976.93</b>	<b>Rs. 24842.82</b>
Returns (%age)	<b>47%</b>	<b>36%</b>



# Over Long Periods of Time

## Investment Strategy

## Returns

Rs. 1000 SIP in HDFC Equity Fund since inception

**41.18%**

One Time Investment in HDFC Equity Fund

**19.99%**

Starting Date of SIP/ Date of Lumpsum Investment: 1<sup>st</sup> January, 1995

Date of Final Redemption: 31<sup>st</sup> December, 2003



## Past Performance (BSE SENSEX)

Year	Sensex	Investment Rs.
1979	100	1,00,000
2009	17000	1,43,00,000

In past 30 years BSE Sensex has given about 18% returns

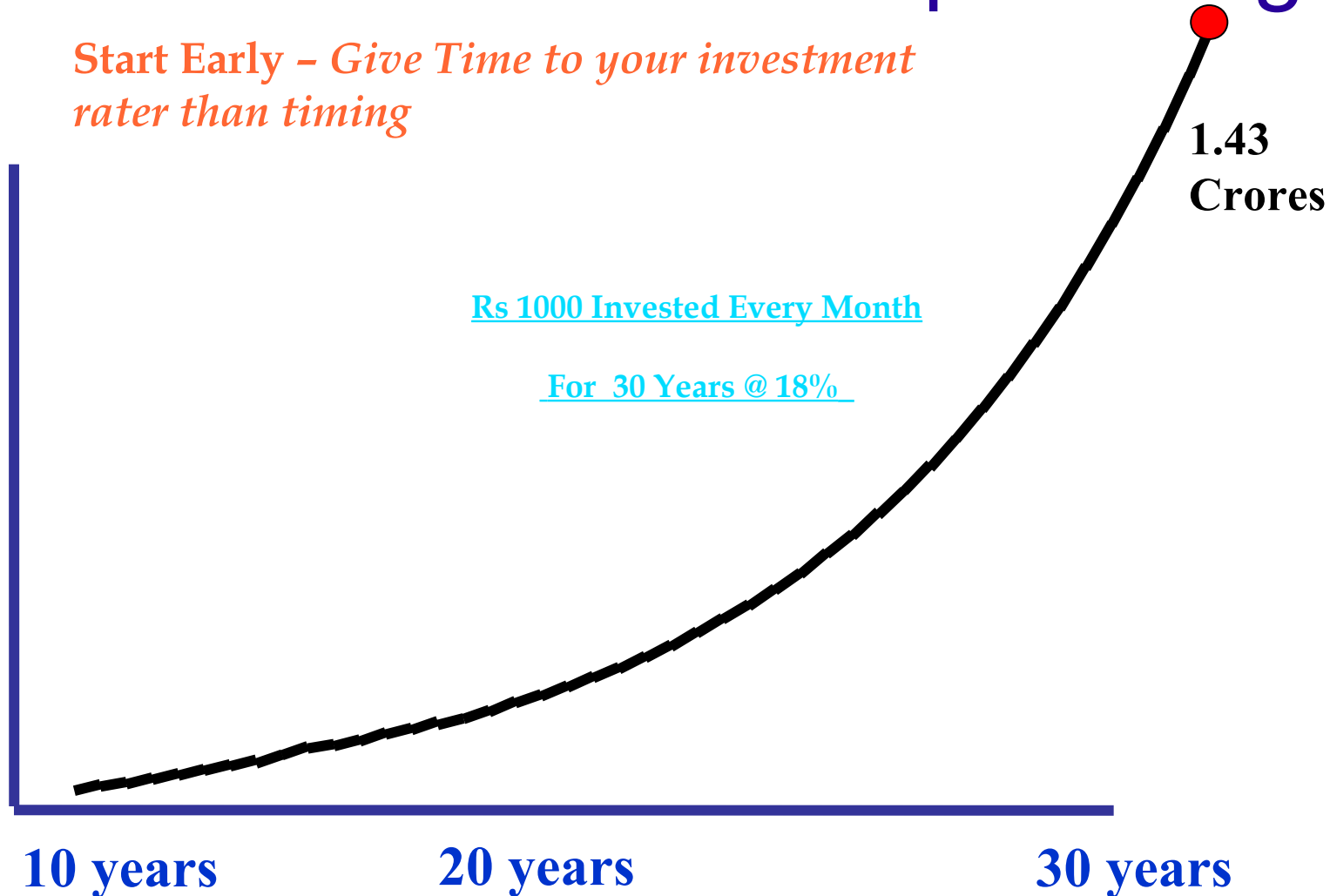
This is inspire of ...

- Two wars
- At least three major financial scandals
- Assassination of 2 prime ministers
- At least 4 recessionary periods
- 10 different governments and
- An unfair share of natural disasters



# The Power of Compounding

*Start Early - Give Time to your investment rather than timing*



*A small amount invested regularly can grow to substantial lumpsum*



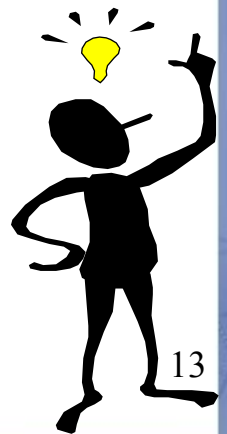
# Disciplined Regular Investment – The Mantra

- Difficult to predict the market and know when to “Buy Low, Sell High”, hence invest Systematically
- Take advantage of Rupee Cost Averaging: buy more when the price is low and buy less when its high
- Low maintenance, payments are made through post dated cheques or a standing instruction(If you have a Online Bank Ac).
- Contribute as little as Rs. 1000 every month
- Instills investing HABIT: no temptation to time the market



**Remember a little every month,  
month on month, goes a long way!!!**

**Cultivate the Investment  
Habit Today!**





# Our Recommendations for SIP

- HDFC Top 200 Fund
- HDFC Equity Fund
- Reliance Growth Fund
- Reliance Regular Savings Fund-Equity
- Axis Equity Fund
- ICICI Prudential Discovery Fund
- HDFC Tax Saver Fund

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**Thank You**