SIP Ready Reckoner

Equity and Hybrid Funds:

NAV value as on 28th April, 2017.

Source: ACEMF

Period		3 Years		5 Years		7 Years	
No of instalments		36		60		84	
Amount invested per month (Rs)		10,000		10,000		10,000	
Total Amount Invested (Rs)		360,000		600,000		840,000	
Scheme Name	**Category**	**Value Of Inv (Rs)**	**XIRR (%)**	**Value Of Inv (Rs)**	**XIRR (%)**	**Value Of Inv (Rs)**	**XIRR (%)**
Equity Oriented							
Templeton India Growth Fund(G)	Large Cap	466,638	17.79	966,552	19.30	-	-
DSPBR Equity Fund-Reg(G)	Large Cap	462,155	16.28	971,370	19.06	-	-
HDFC Equity Fund(G)*	Large Cap	451,255	14.56	949,440	18.12	1,381,197	13.60
HDFC Top 200 Fund(G)	Large Cap	448,555	14.51	917,476	16.90	1,650,433	19.21
HDFC Capital Builder Fund(G)	Large Cap	460,639	17.09	990,992	20.51	-	-
Benchmark:							
Nifty 50		**418,317**	**8.97**	**811,134**	**11.48**	**1,236,002**	**10.46**
S&P BSE 200		**436,268**	**12.04**	**864,928**	**14.17**	**1,316,761**	**12.28**
Canara Rob Emerg Equities Fund-Reg(G)	Mid-Cap	529,603	26.70	1,344,965	33.12	1,247,800	10.58
L&T Midcap Fund-Reg(G)	Mid-Cap	534,588	27.05	1,299,620	31.41	-	-
HDFC Mid-Cap Opportunities Fund(G)*	Mid-Cap	507,489	23.96	1,211,475	28.87	1,115,773	8.08
Reliance Small Cap Fund(G)*	Small Cap	540,290	28.91	1,429,820	36.19	-	-
DSPBR Micro-Cap Fund-Reg(G)	Small Cap	554,566	30.05	1,473,455	37.00	1,509,310	16.40
Benchmark:							
Nifty 50							
Nifty Free Float Midcap 100		**506,400**	**23.07**	**1,091,552**	**23.97**	**1,663,261**	**18.94**
S&P BSE Small-Cap		**497,978**	**21.85**	**1,095,254**	**24.15**	**1,577,087**	**17.44**
Birla SL Pure Value Fund(G)	Multi-Cap	505,351	24.01	1,260,931	30.83	1,111,252	7.83
L&T India Value Fund-Reg(G)*	Multi-Cap	512,691	24.65	1,218,495	29.07	1,130,076	8.44
Benchmark:							
Nifty 50		**418,317**	**8.97**	**811,134**	**11.48**	**1,236,002**	**10.46**
Nifty 500		**443,445**	**13.18**	**887,357**	**15.22**	**1,352,919**	**13.04**
HDFC Prudence Fund(G)*	Balanced	455,665	15.56	959,812	18.74	1,174,756	9.51
HDFC Balanced Fund(G)*	Balanced	453,590	15.63	973,393	19.57	1,372,532	13.66
DSPBR Balanced Fund-Reg(G)*	Balanced	461,783	16.49	950,738	18.31	1,195,054	9.10
ICICI Pru Balanced Fund(G)	Balanced	454,145	15.67	961,033	19.00	1,509,921	16.46
Birla SL Balanced '95 Fund(G)	Balanced	450,415	15.25	947,150	18.49	1,731,508	20.55
Benchmark:							
Nifty 50		**418,317**	**8.97**	**811,134**	**11.48**	**1,236,002**	**10.46**
CRISIL Balanced Fund - Aggressive Index		**419,134**	**9.48**	**800,011**	**11.12**	**1,224,394**	**10.33**
L&T Infrastructure Fund-Reg(G)	Infra	513,155	24.34	1,137,434	25.89	1,731,662	20.43
Franklin Build India Fund(G)*	Infra	484,878	20.54	1,186,511	28.00	1,162,528	9.20
Birla SL India GenNext Fund(G)*	Consumption	483,147	20.28	1,045,913	22.59	1,130,654	8.45
Reliance Media & Entertainment Fund(G)*	Media	450,339	17.42	916,325	18.34	1,300,461	11.85
UTI Transportation & Logistics Fund(G)*	Auto	471,691	17.79	1,282,543	30.98	1,190,852	9.91
ICICI Pru Banking & Fin Serv Fund(G)*	Banking	537,997	28.18	1,196,548	28.17	-	-
Reliance Banking Fund(G)	Banking	501,510	22.32	1,067,620	23.02	1,354,108	13.31
Benchmark:							
S&P BSE BANKEX		**465,123**	**16.22**	**957,401**	**18.15**	**1,488,607**	**15.59**

L&T Tax Advt Fund-Reg(G)	ELSS	479,622	19.33	1,003,391	20.60	1,131,772	8.48
Reliance Tax Saver (ELSS) Fund(G)	ELSS	455,825	15.55	1,059,428	22.91	-	-
DSPBR Tax Saver Fund-Reg(G)*	ELSS	479,000	19.57	1,048,360	22.65	-	-
Birla SL Tax Relief '96(ELSS U/S 80C of IT ACT)(G)	ELSS	464,950	17.37	1,034,632	22.11	1,107,321	7.87
Benchmark:							
Nifty 50		**418,317**	**8.97**	**811,134**	**11.48**	**1,236,002**	**10.46**
Nifty 500		**443,445**	**13.18**	**887,357**	**15.22**	**1,352,919**	**13.04**
DSPBR Natural Res & New Energy Fund-Reg(G)	Energy	565,306	33.73	1,178,220	28.40	1,150,643	8.74
Birla SL Intl. Equity Fund-B(G)	Global Funds	433,865	12.12	843,629	13.41	1,121,607	8.22
Franklin India Feeder - Franklin U.S. Opportunities Fund(G)*	Global Funds	402,896	6.99	801,074	11.36	-	-
Debt Oriented							
UTI Gilt Adv-LTP(G)	Gilt LT	431,140	12.02	802,246	11.53	1,467,635	15.49
SBI Magnum Gilt-LTP-Reg(G)*	Gilt LT	429,532	11.73	808,894	11.86	-	-
L&T Gilt Fund-Reg(G)*	Gilt LT	421,155	10.66	792,208	11.19	1,376,321	13.72
Benchmark:							
I-Sec Li-BEX		**284,030**	**(8.99)**	**554,151**	**(0.46)**	**873,555**	**2.67**
SBI Magnum Gilt-STP(G)*	Gilt ST	421,573	10.77	781,681	10.66	1,145,268	8.71
IDFC G Sec-STP-Reg(G)*	Gilt ST	412,010	9.05	766,950	9.83	-	-
ICICI Pru Gilt-Treasury-PF(G)	Gilt ST	419,100	10.28	733,543	7.99	-	-
Benchmark:							
I-Sec Si-BEX		**294,710**	**(6.25)**	**562,780**	**0.22**	**876,318**	**2.76**

***included in our lumpsum MF Ready Reckoner May 2017**

What is an SIP? Systematic investment plan (SIP) is a disciplined way of investing in mutual fund schemes where an investor can make regular and equal payments at regular intervals for periods to accumulate wealth over long run. It inculcates the habit of saving and building wealth for the future.

What is the structure of an SIP? SIP can be termed as a regular investment scheme where a stipulated amount of money (can be Rs. 50, Rs.100, Rs. 250, Rs. 500, etc) is invested daily, weekly, monthly, quarterly or yearly, instead of investing money in bulk Investing in a mutual fund through SIP allows participation in the equity markets systematically.

What is the rationale and importance of Systematic investing? Lump sum investing will be suitable only when there is a high degree of certainty that the market is going to go through a rising trend. However, timing the market is a very difficult task, especially at individual investor level. Also for most investors, one-time investment may not be feasible due to a lack of resources.

In the case of SIP, it is not necessary for the investor to accumulate a huge amount at one go before making an investment. He can accumulate small amounts and invest regularly. An SIP also enables investors to start investing in equity early.

The philosophy behind starting a SIP with an equity scheme is to go on investing regardless of the market conditions. Investors **should not stop it in downturns and keep SIP running for a longer period**. Else, he/she will lose out a chance to make money in the long term. Here's why:

1. Rupee Cost Averaging: Rupee cost averaging is an approach or a benefit wherein the investor can buy more units when prices are low and less when prices are high. Ideally speaking, most investors want to buy stocks when the prices are low and sell them when prices are high. But timing the market is time consuming and risky. Rupee-cost averaging can help reduce the average cost per share over time **(provided the investor does not stop SIPs in bear markets)** and increase your profit when the cycle turns and markets start rising.

However, Rupee-cost averaging doesn't guarantee a profit or eliminate risk, and it won't protect you from a loss if you sell shares at a market low. Before adopting this strategy, you should consider your ability to continue investing through periods of low price levels.

2. Power of compounding: Compounding is the fact that the money you make off an investment can be reinvested to make even more money than your initial investment. The money you make goes back to work to make you even more money than before.

Say you've invested Rs.10, 000 and it makes 10% interest per year. In the first year, you make Rs.1, 000 in interest. But in the second year, you'll make Rs.1, 100 (not only does your initial investment of Rs.10,000 accrue interest but so does the additional Rs.1,000 you made in the first year). In the tenth year, you'll make Rs. 2,358. And in the 30th year you'll make Rs.15, 864. That's all without making another investment beyond your initial Rs.10, 000**. Hence the longer you stay invested, higher will be the benefit of compounding.**

What are the salient features of SIP? It is needless to say that for **long-term wealth creation** through equity market you need **discipline and long term time** horizon which are inherent features of SIP. The following features of SIP makes it fit for equity market.

- Simple and disciplined approach towards investment.
- Investment possible with small sum of money invested regularly to accumulate wealth.
- Based on concept of Rupee Cost Averaging.
- Flexibility in terms of amount or quantity based SIP.
- Flexible intervals like Daily/ Weekly/ Fortnightly/ Monthly/ Yearly basis.

What are the benefits of SIP? As common investor doesn't have enough time and resources, SIP proves to be a viable option for them. Listed below are the important benefits of this instrument.

- Reduces Risk because of Rupee Cost Averaging.
- SIP can be started with very small amount of money.
- Timing the market is not necessary.
- Long term financial goal can be aligned with SIP.
- Disciplined approach towards Investment helps in controlling the emotions.

How does SIP help to reach Your Financial Goal? SIP is a perfect tool for people who have a specific, future financial requirement. By investing an amount of your choice every month, you can plan for and meet financial goals, like funds for a child's education, a marriage in the family or a comfortable post retirement life.

What are the benefits of starting early? **The earlier you start, the lesser the investment required to achieve your goals.** This is because of compounding, as explained earlier. Since the return generated also starts earning further returns, the initial investment required comes down. Usually, people at young age undermine the importance of saving small sums of money and keep procrastinating, pushing the start to a later date. Besides, they often perceive investing as a cumbersome process. This is where SIP comes in handy, a good way to save through MFs is to set aside a certain amount of one's income for them. This, besides helping one make 'forced savings', also gives one a financial headstart.

Why one should not stop SIP?

Many investors make the mistake of discontinuing their SIP investments when market falls. As discussed above, **this exit could impact the portfolio returns significantly as it fails to get the benefit of lower average costs.**

Investments through an SIP can ensure steady returns. Ideally speaking, it is difficult to time the market. Whereas, with an SIP, investors can ride safely during market downturns and manage better returns if they stay invested through an entire market cycle. SIP investors need not to worry about the fluctuations or ups and down that are seen in the equity market. You could grab better returns in the next 6 to 12 months period if you stay invested during market falls.

Taxation in SIP:

The tax implication applicable to the SIP investment is as same as that of the lumpsum investment in MF. The main point is that the taxation of SIPs depends on the dates of investments. In equity oriented mutual fund schemes, under Growth option, the long term capital gain tax is exempt if the units are sold after a year of the date of purchase (as per the current law structure). In this case, to benefit out the long term capital gain tax, every instalment should be held at least one year.

Likewise, in non-equity oriented schemes, to attain the Long Term Capital Gain Tax benefit (that is 20% with indexation), the units should be sold after 3 years from the date of allotment.
In ELSS, all the SIP instalments are locked in for three years.

There is an ideology behind selling the MF units that had invested through SIP as using the first-in-first-out (FIFO) method. That means sell the earliest units first.

Conclusion:
Investing in Equity Oriented mutual fund schemes through SIP - longer the period the better the returns.

Investing in Debt Oriented mutual fund schemes through SIP - no major advantage of extending SIP beyond 3 years, however on tax considerations, one may extend SIP beyond three years.

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