

ebook for Wealth Creation with SIP Yearly Increase

Prepared for
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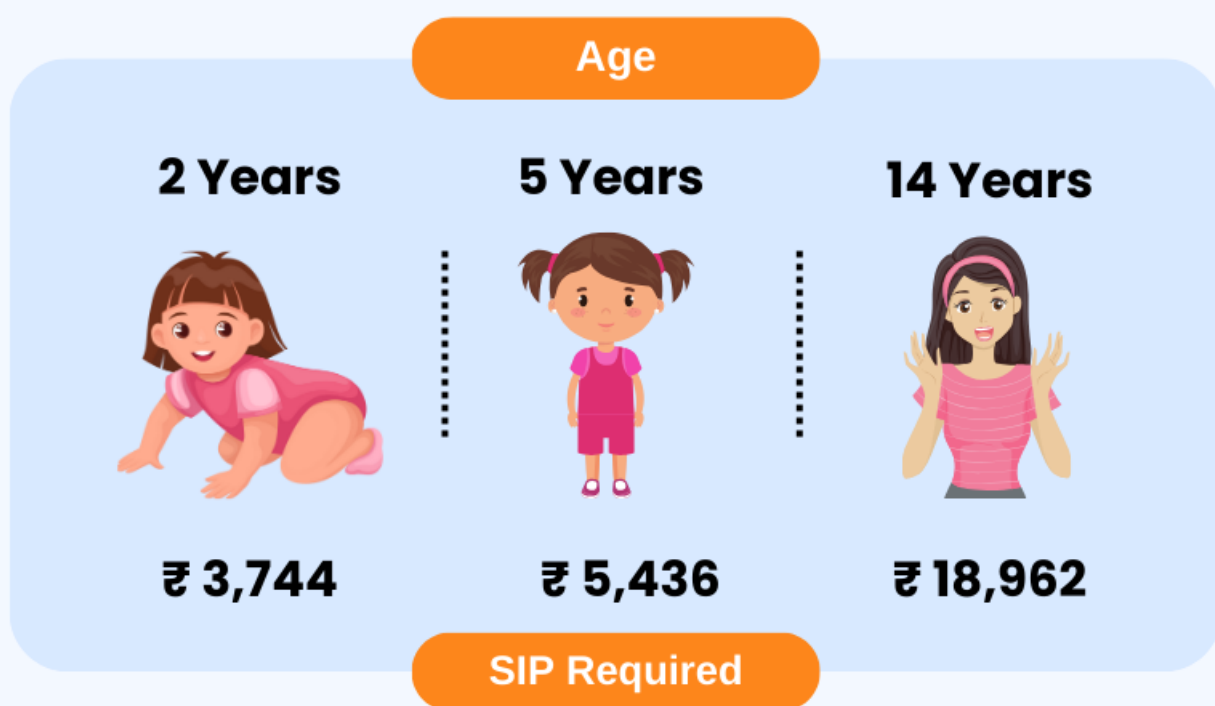
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Plan your kid's marriage with **Systematic Investment Plan**

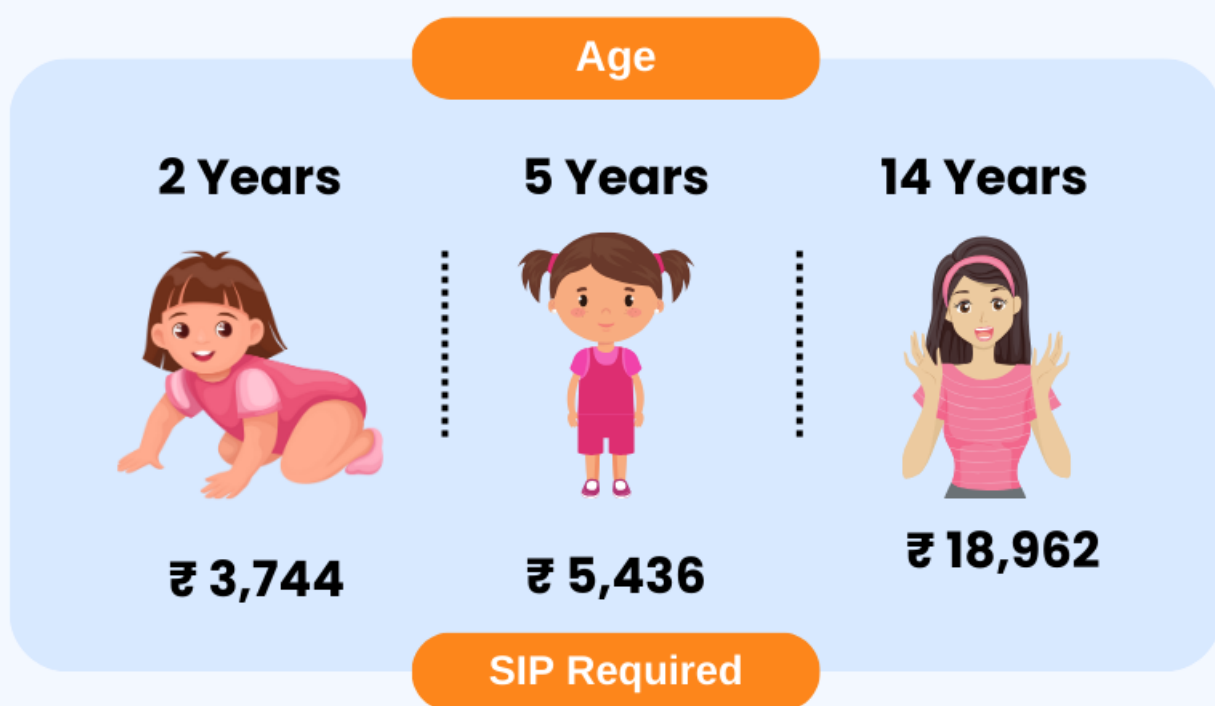
If you wish to accumulate Rs. 50 Lacs by the time your kid attains the age of 25 years, your monthly investment required will depend mainly on when exactly you start investing.



*The rate of return is assumed 12% CAGR for the purpose of above calculation and is only for the illustrative purposes.

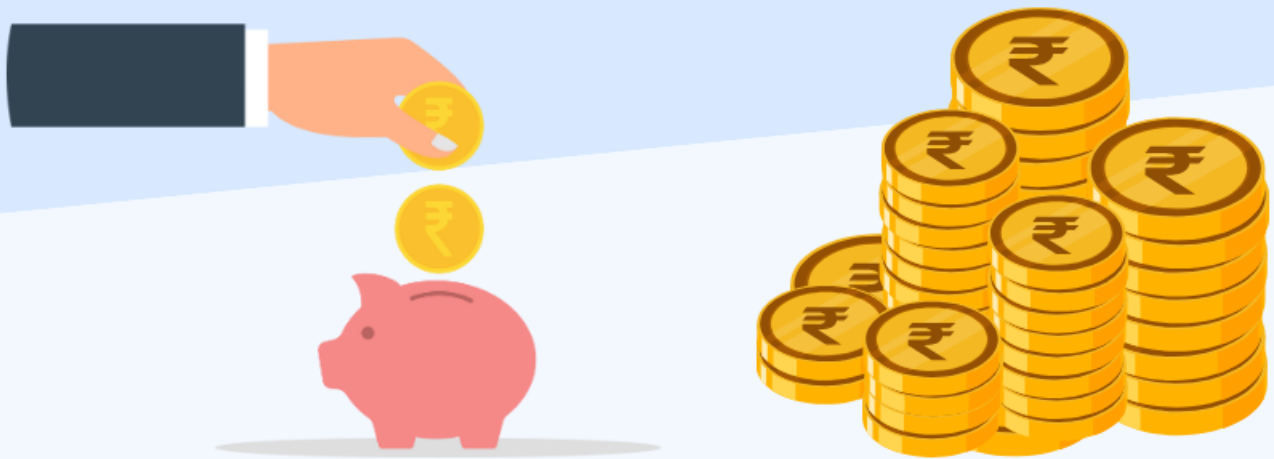
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What are Mutual Funds?



- Mutual funds combine money from many investors to create a diversified portfolio.
- Expert fund managers make investment decisions based on market analysis.
- Spread investments across various assets to reduce risk.
- Easily buy/sell shares, providing flexibility and access for a wide range of investors.



Why should you invest in **Mutual Funds?**



DIVERSIFICATION:

Mutual funds offer a diversified portfolio, spreading risk across various assets.



PROFESSIONAL MANAGEMENT

Skilled fund managers make investment decisions based on market expertise.



LIQUIDITY

Easily buy or sell fund shares, providing flexibility for investors.



REGULATORY SUPERVISION:

Mutual funds are regulated, providing investor protection and transparency.



GOAL-ORIENTED OPTIONS

Goal-Oriented Options: Various funds cater to specific financial goals, allowing you to align their investments with their objectives.



What is Systematic Investment Plan?

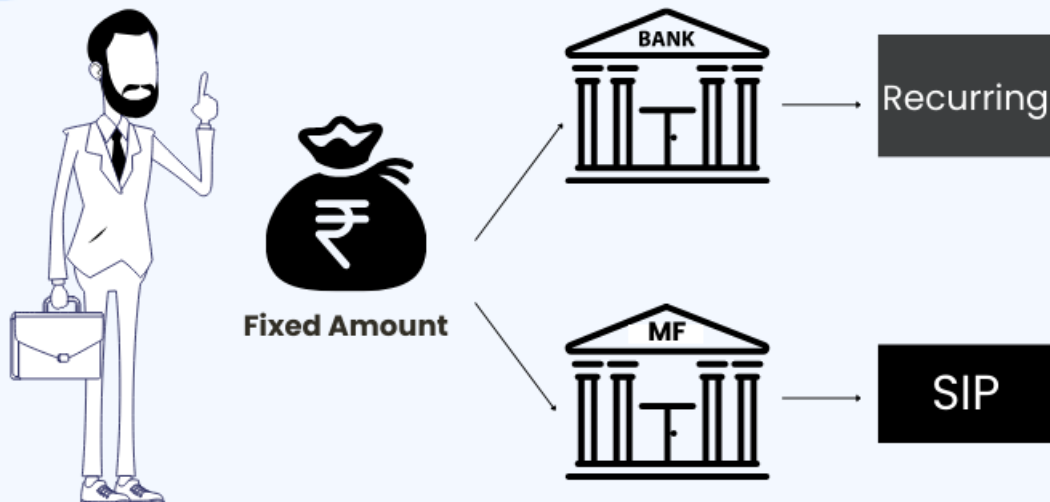
A Systematic Investment Plan (SIP) is a disciplined and smart way to invest in mutual funds. It provides investors with an opportunity to invest small amounts regularly, helping them achieve long-term financial goals.



- **Choose a Mutual Fund:**
 - Select a mutual fund scheme that aligns with your financial goals and risk tolerance.
- **Set Investment Amount:**
 - Decide on the amount you want to invest regularly. This can be as low as a few hundred rupees.
- **Select SIP Frequency:**
 - Determine the frequency of your investments (monthly, quarterly, etc.).
- **Automatic Investments:**
 - The chosen amount is automatically deducted from your bank account and invested in the selected mutual fund scheme.
- **Power of Compounding:**
 - Over time, the power of compounding helps your wealth grow as both your invested capital and returns earn returns.



Features of Systematic Investment Plan?



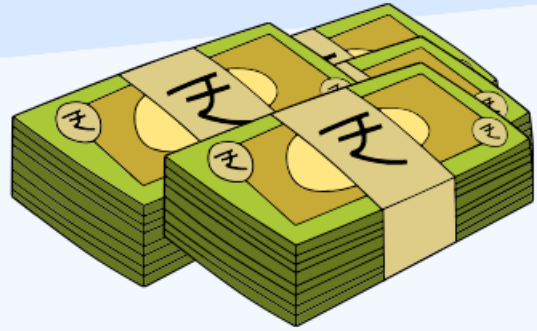
Regular Investments: SIP allows investors to contribute a fixed amount at regular intervals (monthly or quarterly), promoting financial discipline.

Rupee Cost Averaging: You buy more units when prices are low and fewer units when prices are high, reducing the impact of market volatility.

Convenience and Affordability: Investors can start a SIP with a minimal amount, making it accessible for individuals with various budget sizes.

Flexibility: SIPs offer flexibility in terms of choosing the investment amount, frequency, and the option to increase or decrease contributions.

Benefits of Systematic Investment Plan?



DISCIPLINED INVESTMENT

Encourages a habit of regular savings and investing.



MITIGATES VOLATILITY

Reduces the impact of market fluctuations through rupee cost averaging.



ACCESSIBILITY

Allows even small investors to participate in the wealth creation process.



LONG-TERM WEALTH CREATION

Ideal for achieving long-term financial goals such as education, home purchase, and retirement.



Power of compounding Systematic Investment Plan?

Following Table shows the Future value of Rs. 5,000 for various periods and CAGR returns, assuming the investment is done at the beginning of month.

Years	Assumed CAGR Return				
	8%	9%	10%	12%	15%
5	₹ 3,67,070	₹ 3,76,357	₹ 3,85,859	₹ 4,05,518	₹ 4,36,710
10	₹ 9,06,416	₹ 9,55,430	₹ 10,07,288	₹ 11,20,179	₹ 13,15,091
15	₹ 16,98,892	₹ 18,46,405	₹ 20,08,106	₹ 23,79,657	₹ 30,81,828
20	₹ 28,63,300	₹ 32,17,281	₹ 36,19,934	₹ 45,99,287	₹ 66,35,367
25	₹ 45,74,197	₹ 53,26,542	₹ 62,15,798	₹ 85,11,033	₹ 1,37,82,804
30	₹ 70,88,066	₹ 85,71,903	₹ 1,03,96,464	₹ 1,54,04,866	₹ 2,81,58,852

The calculation shown in table is only for the illustrative purposes.



Achieve Your Financial Goals faster!

TopUp SIP can help you to achieve your financial Goals faster. With the help of TopUp SIP you can increase your SIP amount every year with fixed amount or per cent.

Why TopUp SIP?

- You can achieve your financial goals faster.
- It can help you to grow better wealth in long run.
- It increases your SIP amount periodically and help you to fight inflation.
- Given you better compounding effect and help you achieve your financial goals with ease.



What is Goal Based Investing?



Each of us harbors a multitude of life aspirations that span various timelines, ranging from short-term desires like vacations or purchasing a car to more substantial milestones such as buying a house, funding a child's wedding, or planning for retirement. Achieving these goals necessitates aligning our financial resources accordingly, which is where goal-based planning becomes essential.

Goal-based investing revolves around delineating your financial objectives, establishing a timeline for each, and consistently investing to realize them. Rather than saving aimlessly, this approach empowers investors to save with specific targets in mind, considering both the desired amount and the timeframe involved. By adhering to goal-based investing principles, individuals can methodically work towards their aspirations, ensuring a more structured and purposeful approach to wealth management.

Why Goal Based Investing?



GOAL



- **Precise Financial Targets:** Goal-based investing provides clarity on the exact amount needed to achieve your objectives, enabling more accurate financial planning.
- **Cultivating Investment Discipline:** It fosters discipline in investment habits, encouraging consistent saving and strategic decision-making aligned with your goals.
- **Tailored Investment Selection:** By considering factors like duration and risk tolerance, goal-based investing assists in selecting the most suitable investment products for each objective.
- **Debt Prevention:** Setting clear financial goals aids in avoiding excessive reliance on debt, promoting responsible financial behavior and long-term stability.
- **Portfolio Optimization:** Goals act as benchmarks for periodically rebalancing your investment portfolio, ensuring it remains in line with your evolving financial priorities.
- **Streamlined Investment Process:** With defined goals, investment decisions become simpler and more purposeful, facilitating efficient allocation of resources towards achieving your objectives.



Selecting right amount for **Goal Based Investing.**

Meet Mr. Raj whose age is 30 years and is planning to achieve his various financial goals through SIP from Equity Mutual Funds. The require



Goal	No. of years till goal	Amount required	SIP required
Retirement	25	₹ 2,00,00,000	₹ 11,749
Child Education	15	₹ 20,00,000	₹ 4,202
Daughter Marriage	20	₹ 25,00,000	₹ 2,718
Buying a Car	7	₹ 10,00,000	₹ 7,764

** For illustration purpose only. Rate of return has been assumed is 12% p.a.
** The calculations shown are based on SIP calculators provided. The total amount mentioned is an approximate value and is not an indicator of future returns. Mutual Fund does not provide guaranteed returns.



Logical steps towards **Goal Based Investing.**



- **Step 1** - Identify Goals and prioritize
- **Step 2** - Define Tagline and calculate the future requirement considering Inflation
- **Step 3** - Understand your Risk Profile
- **Step 4** - Select the investment product/scheme based on your Goal and risk profile.
- **Step 5** - Monitor your investment periodically with the help of financial expert.

Inflation Increasing the Cost!



Household Expenses

Cost 2024 - Rs. 50,000 p.m.
After 15 Years - Rs. 1,50,608



Abroad Trip

Cost 2024 - Rs. 3,00,000
After 5 Years - Rs. 7,34,664



Marriage Cost

Cost 2024 - Rs. 25,00,000
After 10 Years - Rs. 53,97,312



Cost of Home

Cost 2024 - Rs. 50,00,000
After 10 Years - Rs. 1,07,94,625

Calculation is based on various assumptions. Inflation is assumed @ 8% per annum for the calculation and is only for the illustrative purposes.

3 rules for **Wealth Creation**

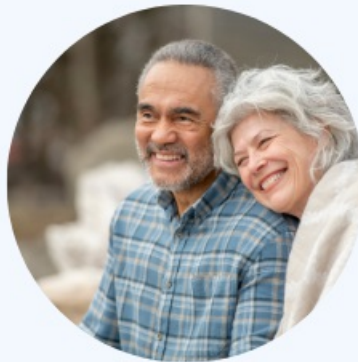


- 1. Initiate Investments Early:** Begin your investment journey at the earliest opportunity to harness the benefits of long-term compounding and maximize your potential returns over time.
- 2. Consistent Investment Habits:** Cultivate a habit of investing regularly, regardless of market conditions, to steadily accumulate assets and mitigate the impact of market fluctuations on your portfolio.
- 3. Maximize Returns:** Focus on optimizing your investment returns by employing strategies tailored to your risk tolerance and financial goals, aiming to generate higher yields while effectively managing risk.

Why Retirement Planning?



Financial Independence



Peace of Mind



Rising cost of Health Care



Fulfilling Dreams



Fulfilling Dreams



Increasing Life Expectancy

Planning for Retirement Corpus



Find out monthly expenses at the time to Retirement.

Today
Rs. 50,000 pm.



After 25 years
Rs. 2,14,593

Find out the retirement corpus required

Retirement Corpus
Rs. 3.99 Cr.

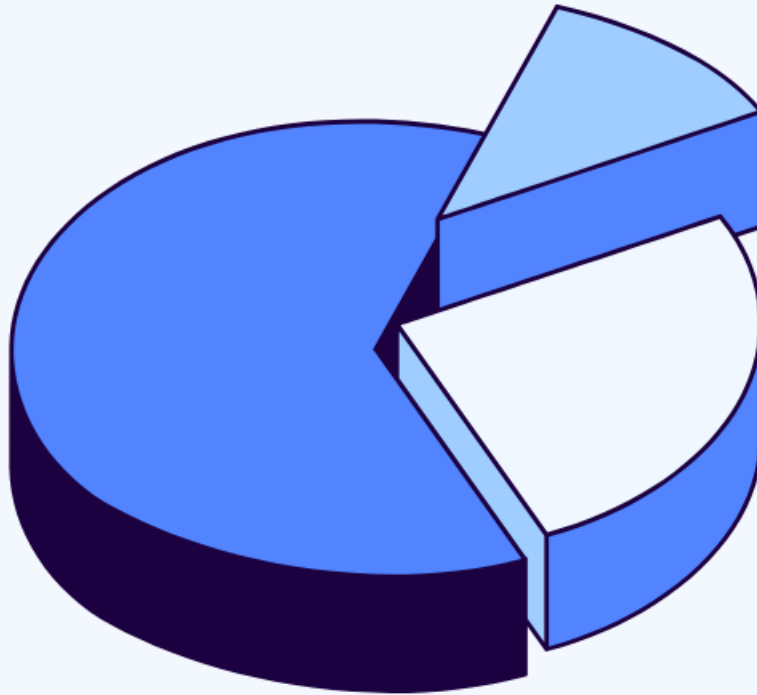
Find out Monthly SIP required for achieving Goal.

Assuming 12% CAGR
Rs. 23,458

Assuming 15% CAGR
Rs. 14,485

Inflation is considered as 6% pre retirement and 5% post retirement. Post retirement portfolio return is considered as 8% and pre-retirement Return is assumed for illustrative purposes only and not guaranteed. Post retirement life expectancy is considered as another 20 years.

What is **Asset Allocation?**



Asset allocation involves dividing your investments among different assets, such as Equity, Debt, Gold, and cash. The asset allocation decision is a personal one. The allocation that works best for you changes at different times in your life, depending on how long you have to invest and your ability to tolerate risk.

Asset allocation is all about deciding the right mix of each asset class for one's portfolio. Deciding the right asset allocation depends on many factors. Out of which Investment Time Horizon and Risk Profile of investor are the two major factors.



Why Asset Allocation?

Financial Year	Asset Class Return			Asset Class Rank		
	Equity*	Debt**	Gold	Equity*	Debt**	Gold
31-Mar-06	70%	3%	39%	1	3	2
31-Mar-07	14%	4%	11%	1	3	2
31-Mar-08	25%	8%	30%	2	3	1
31-Mar-09	-35%	7%	24%	3	2	1
31-Mar-10	75%	5%	8%	1	3	2
31-Mar-11	12%	5%	28%	2	3	1
31-Mar-12	-8%	8%	32%	3	2	1
31-Mar-13	9%	9%	3%	2	1	3
31-Mar-14	19%	4%	-11%	1	2	3
31-Mar-15	28%	15%	-4%	1	2	3
31-Mar-16	-8%	8%	10%	3	2	1
31-Mar-17	20%	11%	-1%	1	2	3
31-Mar-18	12%	5%	7%	1	3	2
31-Mar-19	16%	7%	4%	1	2	3
31-Mar-20	-25%	13%	36%	3	2	1
31-Mar-21	73%	8%	2%	1	2	3
31-Mar-22	20%	4%	19%	1	3	2
31-Mar-23	1%	4%	11%	3	2	1

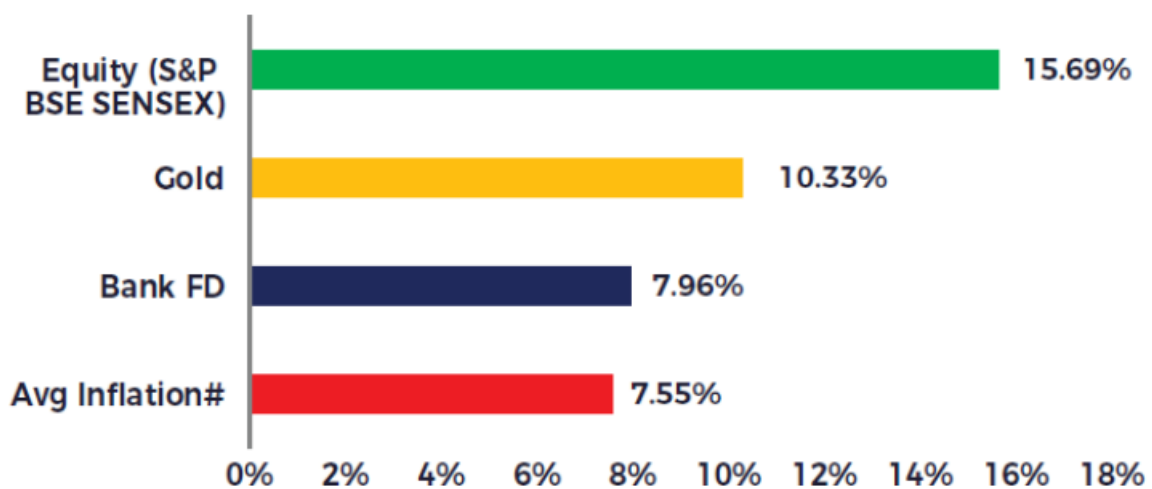
Source - MFI, www.niftyindices.com. Data from April 1, 2005 to March 31 2023. *Equity - NIFTY50 TRI, **Debt- CRISIL Composite Bond Fund Index and Gold price is from World Gold Council, Spot Rate INR/10 Grams.

Past Performance may or may not be sustained in future and is not a guarantee of any future returns. FY is Financial Year

- The rotation of winners has been a consistent trend.
- The performance of asset classes is influenced by market cycles.
- Typically, the equity market demonstrates strong performance during expansionary phases.
- Conversely, the debt market tends to excel in contracting economies.
- Adjusting allocation between asset classes can facilitate a more seamless investment experience.

Wealth Creation through Equity as Asset Class

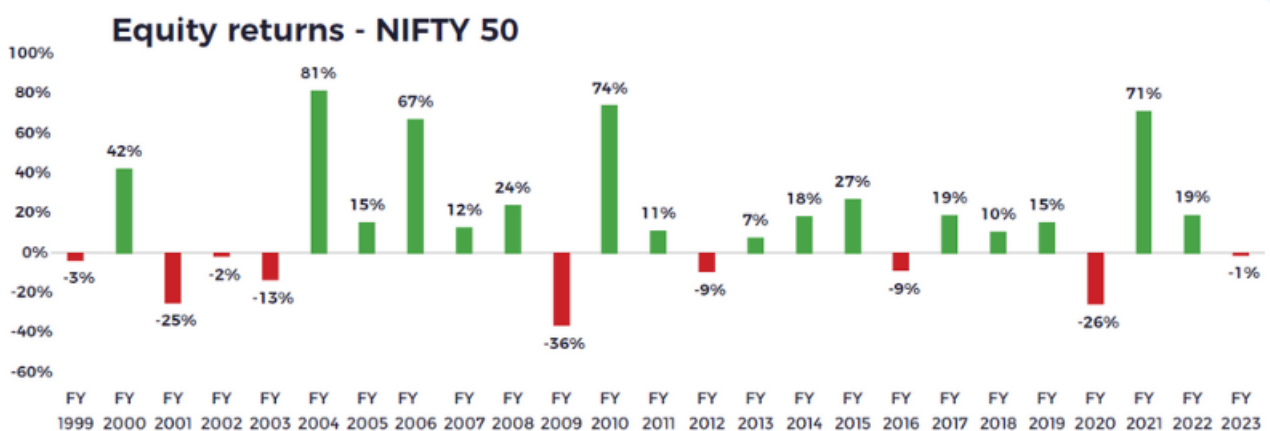
From March 1980 to 30th September 2023.



Source: World Bank

- Despite short-term volatility, equities exhibit consistent long-term outperformance over other asset classes.
- Their resilience is evident in substantial returns and inflation-beating margins, ideal for wealth preservation and growth.
- Equities serve as a hedge against rising prices, crucial for achieving financial objectives.
- By leveraging equities' strong return potential, investors can enhance portfolio growth and sustainability over time.

Understanding Volatility in equity



- Short-term market fluctuations often exhibit volatility.
- However, as the investment horizon extends, the risk of experiencing losses typically diminishes. For example, data analysis spanning the last 43 years of SENSEX history reveals that there has been no occurrence of losing money for periods lasting 15 years or more.
- From September 1979 to September 2023, the market has demonstrated a Compound Annual Growth Rate (CAGR) of 15.88%. Notably, equity returns have consistently exceeded the nominal GDP growth.
- SENSEX has consistently compounded wealth at a rate of 15.88% over the long term. At this pace, historical records indicate that investments in the stock market have doubled approximately every 4.5 years.

Crucial Factor for your portfolio

Asset Allocation



- Employing asset allocation aids in achieving financial objectives and fosters long-term wealth accumulation.
- Through asset allocation, you ensure that your investment portfolio is adequately diversified.
- It is imprudent to allocate funds solely to a single asset class, as it may fail to yield efficient returns adjusted for inflation and risk.
- The fundamental principle of asset allocation is to distribute risk across various asset classes, ranging from higher risk to lower risk, while aiming to optimize returns adjusted for risk.
- Effective asset allocation mitigates the impact of market volatility when diversifying assets.
- Asset allocation serves as an investment strategy to determine the allocation of one's portfolio across different asset classes, tailored to individual risk tolerance and financial objectives.



SIP amount

₹ 1,00,000



SIP period

10 Years



Step-up every year

10 %

SIP with Step-up (Summary)

Total Investment	₹ 1,91,24,910
Expected wealth creation @ 12%	₹ 3,26,88,985
Expected wealth creation @ 15%	₹ 3,76,14,176

* Mutual fund investments are subject to market risks. read all scheme related documents carefully. The above calculation is based on the assumed rate of return and only for illustrative purposes only.

SIP – with step up

Projected yearly future value of SIP

Years	Monthly investment	Annual investment	Year end value	
			CAGR @ 12%	CAGR @ 15%
1	₹ 1,00,000	₹ 12,00,000	₹ 12,76,650	₹ 12,95,419
2	₹ 1,10,000	₹ 13,20,000	₹ 28,34,163	₹ 29,14,692
3	₹ 1,21,000	₹ 14,52,000	₹ 47,19,009	₹ 49,19,353
4	₹ 1,33,100	₹ 15,97,200	₹ 69,84,511	₹ 73,81,458
5	₹ 1,46,410	₹ 17,56,920	₹ 96,91,795	₹ 1,03,85,299
6	₹ 1,61,051	₹ 19,32,612	₹ 1,29,10,868	₹ 1,40,29,379
7	₹ 1,77,156	₹ 21,25,873	₹ 1,67,21,835	₹ 1,84,28,699
8	₹ 1,94,872	₹ 23,38,461	₹ 2,12,16,284	₹ 2,37,17,409
9	₹ 2,14,359	₹ 25,72,307	₹ 2,64,98,850	₹ 3,00,51,866
10	₹ 2,35,795	₹ 28,29,537	₹ 3,26,88,985	₹ 3,76,14,176

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Disclaimer

This investment proposal is based on assumed rates of return and is for informational purposes only. It is not intended to be, nor should it be construed as, investment advice or a recommendation to buy or sell any financial products or securities.

The assumed rates of return used in this proposal are assumed and only for the illustrative purposes at the time of preparation. Actual returns may vary significantly from these assumptions, and there can be no assurance that the proposed investment strategy will be successful.

Investors should carefully consider their own investment objectives, risk tolerance, and financial circumstances before making any investment decisions.

The information contained in this proposal is subject to change without notice and may not be updated. We do not assume any liability for any losses that may result from the use of this proposal or the information contained herein.

Past performance is not a guarantee of future results. The value of investments may fluctuate, and investors may not get back the amount invested.

Mutual fund investments are subject to market risk, read all scheme related documents carefully.

By using this investment proposal, you acknowledge that you have read and understand this disclaimer, and that you accept and agree to be bound by its terms and conditions.

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(Signature)

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