

*The Easy Way To
Build Your Wealth*

Systematic Investment Plan (SIP)

Think Big. Start Small.

- If you don't have immediate access to a large amount of ready cash, investing small amounts regularly can help.
- This way you can allocate small portions of your money, treating it as monthly installments benefitting with the rise and fall of market.

Invest systematically – through the ups & downs

- The stock markets are volatile moving up and down, call it market forces or market trends, it is difficult to predict their move.
- Focus on your financial goals and leave the job of taming the market volatility through regular investing practice. Thus when investing long term let your common sense prevail. Systematic Investment Plan (SIP) offered by Mutual Funds is one of the methodologies of investing successfully, helping you start small and making your investment grow over a period of time.
- It helps you benefit no matter how the markets perform
 - When the stock markets fall you benefit by being allocated more units and when markets rise, the investments are averaged out.
- SIPs work on the basic principle of compounding. Long term investing through SIPs increase the value of your investments exponentially. It helps average out concerns of timing the market and short term volatility.

The Power of Rupee Cost Averaging

Investing in SIPs is also known as rupee cost averaging. As you invest in a mutual fund scheme at different Net Asset Values (NAV) being higher or lower depending on the market condition, with regular contributions you average out the NAV.

Example: Mr. A invests Rs 1,000 every month

Mr. A's Portfolio

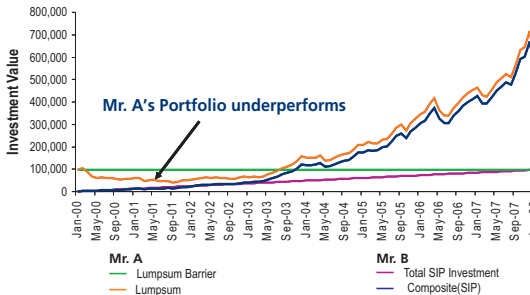
	Invested Amount	NAV(Rs/Unit)	Units Allocated
31st May'02	1000	10.6	94.3
30th Jun'02	1000	10.8	92.6
31st July'02	1000	10.5	95.2
31st Aug'02	1000	9.8	102.0
30th Sept'02	1000	8.2	122.0
Total	X=5000	9.8	Y=506.2

**Actual Average NAV (Rs)=10.0 per unit
NAV For Mr. A (Rs)=9.8 (X/Y)**

The above table shows clearly how rupee cost averaging works and how it was beneficial to Mr. A. The actual NAV on 31st May'02 was Rs.10.0/- per unit, but the average NAV for Mr. A is Rs. 9.8/-, which is lower than if he had invested a lump sum amount of Rs. 5,000/- as on 31st May'02.

SIP vs Lump sum Investment

The SIP saver finishes the period with an investment that is worth more than that of the lump-sum investor – even though the starting price, finishing price and average price are exactly the same. It sounds unlikely, but it's true. Check the figures for yourself!



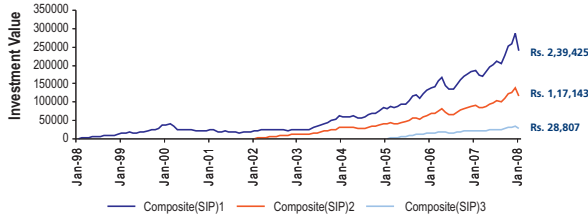
Mr. A invests Rs 96,000 as a lump sum in a composite of equity mutual funds beginning Jan 2000 while Mr. B starts an SIP at the same time investing only Rs. 1,000 every month (in all Rs. 96,000). While Mr. A's lump sum investment is higher than Mr. B's SIP investment, its only marginally. Moreover Mr. B's did not block a large sum of money like Mr. A and was required to save & invest only a small amount every month.

Systematic Investment Plan (SIP)

Start early & add more power to your money

The sooner you begin investing, the more time your money will have to grow because of the power of compounding on your investment. If you delay, you will almost certainly have to invest much more to achieve a similar result. SIP will enable you with low investable surpluses to start with amounts as low as Rs.500 per month which need not strain your monthly finances.

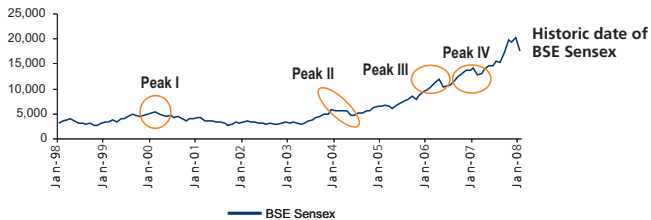
The example below shows you how you can gain from compounding and multiply your money, month after month, year after year.



Above is an example in which Mr. B invests Rs. 1,000 every month for a year (12 installments post which he stops investing) starting on Jan 1998, Jan 2002 and Jan 2005. Money invested in CY 1998 grows to Rs. 2,39,425, money invested in CY 2002 grows to Rs. 1,17,143 while money invested in CY 2005 grows to only Rs. 28,807. Mr. B makes more money from his investments of CY 1998 proving that the earlier you start the better.

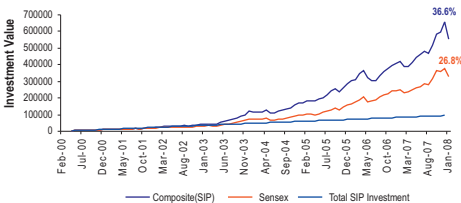
What if one invests at the peak of a cycle?

When you hear that the Sensex has hit record highs, you may feel concerned about starting a SIP. On the other hand, you may feel anxious if the market hits a turbulent spot. So how can you pin-point the best time to invest in a SIP?



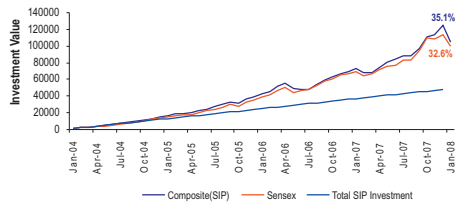
Mr. B decides to invest at the peaks of market i.e. at Peak 1, Peak 2 and Peak 3. He starts with an SIP of Rs. 1,000 every month and still ends up making money. How? Read on.....

Investing at Peak I



Rupee cost averaging helps in bringing down the average purchase value of the NAV. When the markets are low Mr. B gets more units for his investment but when the markets are high he gets less units. But the value of the already purchased units increases providing Mr. B with better returns and beating the market.

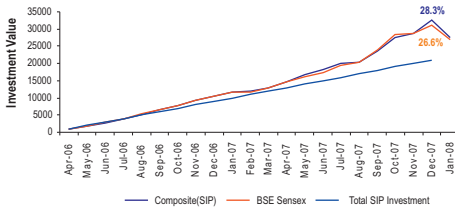
Investing at Peak II



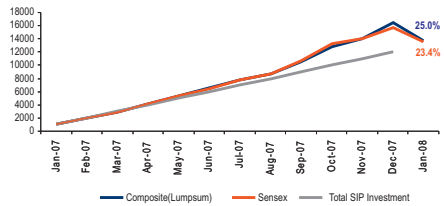
Beats the market again...

Systematic Investment Plan (SIP)

Investing at Peak III



Investing at Peak IV



and again...

...and again.

Thus, in a bear market Mr. B bought units at low prices and when markets were at their peak, his patience & discipline was suitably rewarded.

Summary

Every investor who wants to create wealth in the long term should start a SIP. Every household should have one or more SIPs running simultaneously towards the family's future needs. Small amounts tucked away every month won't pinch much and they will provide much-needed wealth in the long term.

Thumb Rule:

- Average out your investments
- Start early, let your money work for you
- Invest small, Invest regularly
- Make market volatility your friend and not your foe

To know more:

Call **1800 220 042 / 022 39827999** or SMS **'ING SIP'** to **'54545'**

Statutory Details:

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