

SIPs sahi hai to achieve your financial goals

An Investor Awareness & Education Initiative



HSBC Mutual Fund

Opening up a world of opportunity



Life Goals

Some achieve their dream goals, others may not

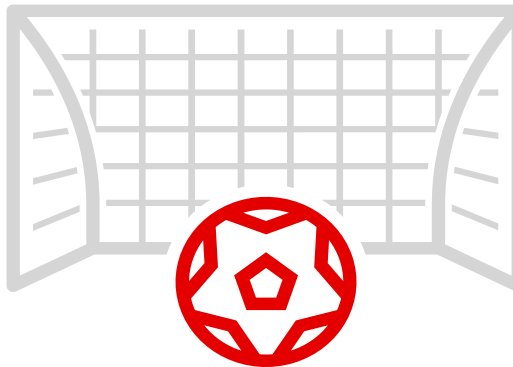


Everyone has life goals

- Travelling the world
- Education for children in foreign
- Making your child a sportsperson
...and many more



This deck can guide you
towards a successful start in
achieving your goals.

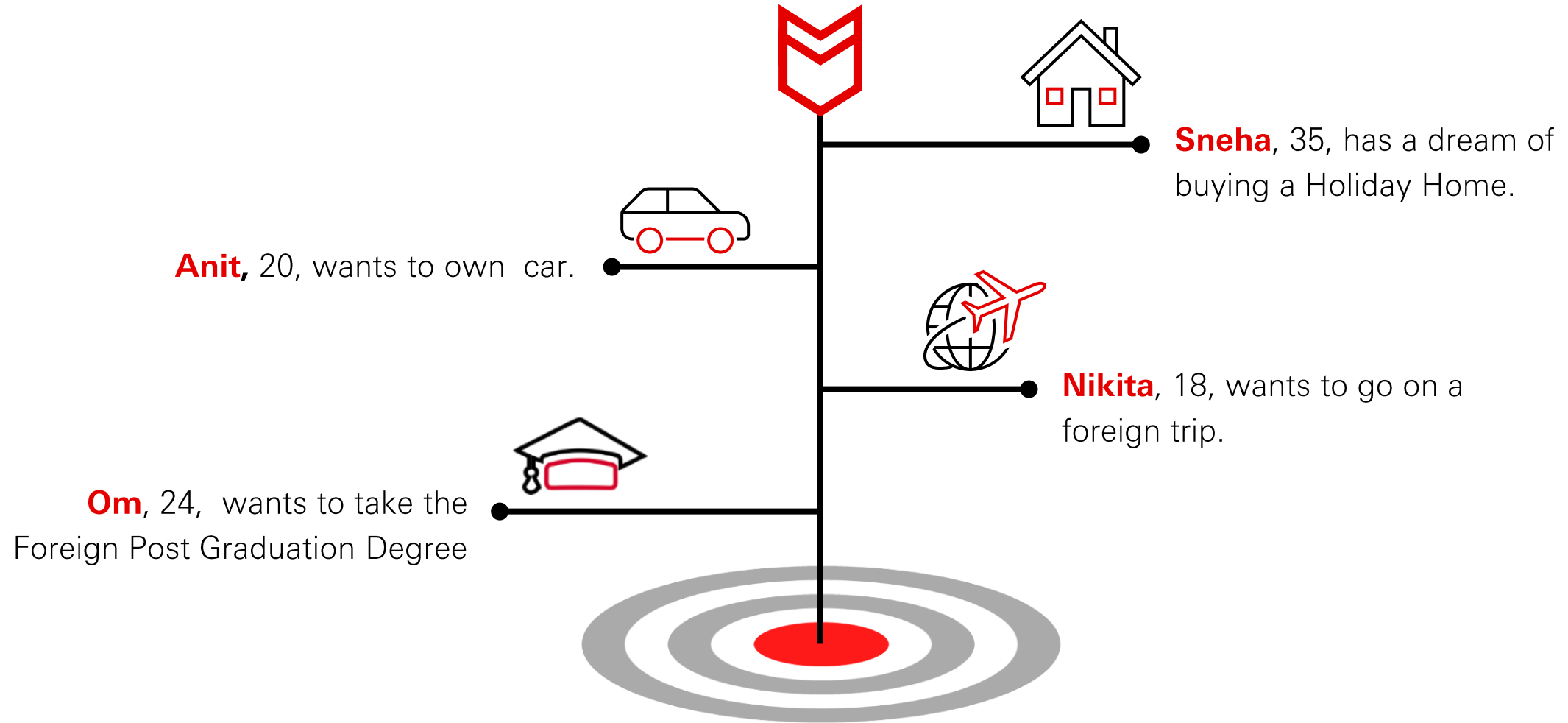


With right financial planning, you can turn aspirations into reality.

Source: CRISIL, Infographic for illustration purposes only. The investors should not consider the same as investment advice

Goal based investment planning

Here are some examples of people with specific goals:



Is it possible for them to achieve their goals?

Source: CRISIL, Infographic for illustration purposes only.

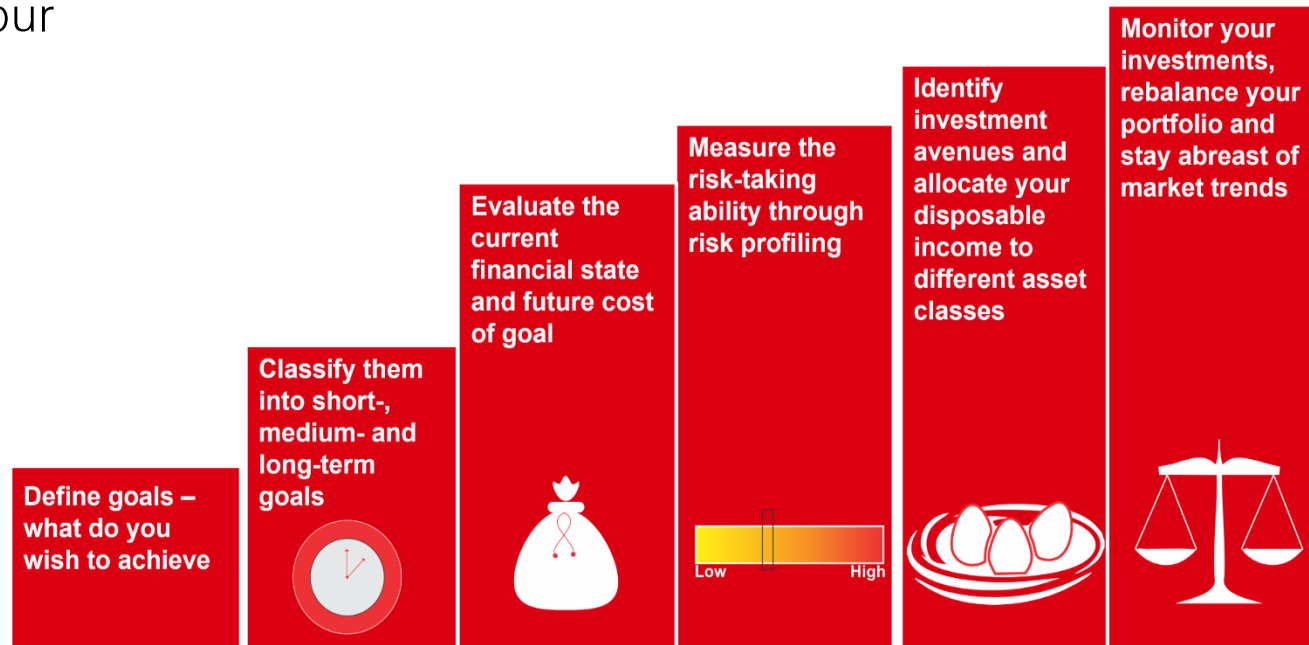
Achieve goals with planning

Goal-based planning is a holistic approach that maps investors' goals to their investments.

In sync with their
Risk profile, Time horizon, Inflation and...

...Personal factors such as
Income, Expenses, Age & Financial responsibilities

Six steps to achieve your
GOALS

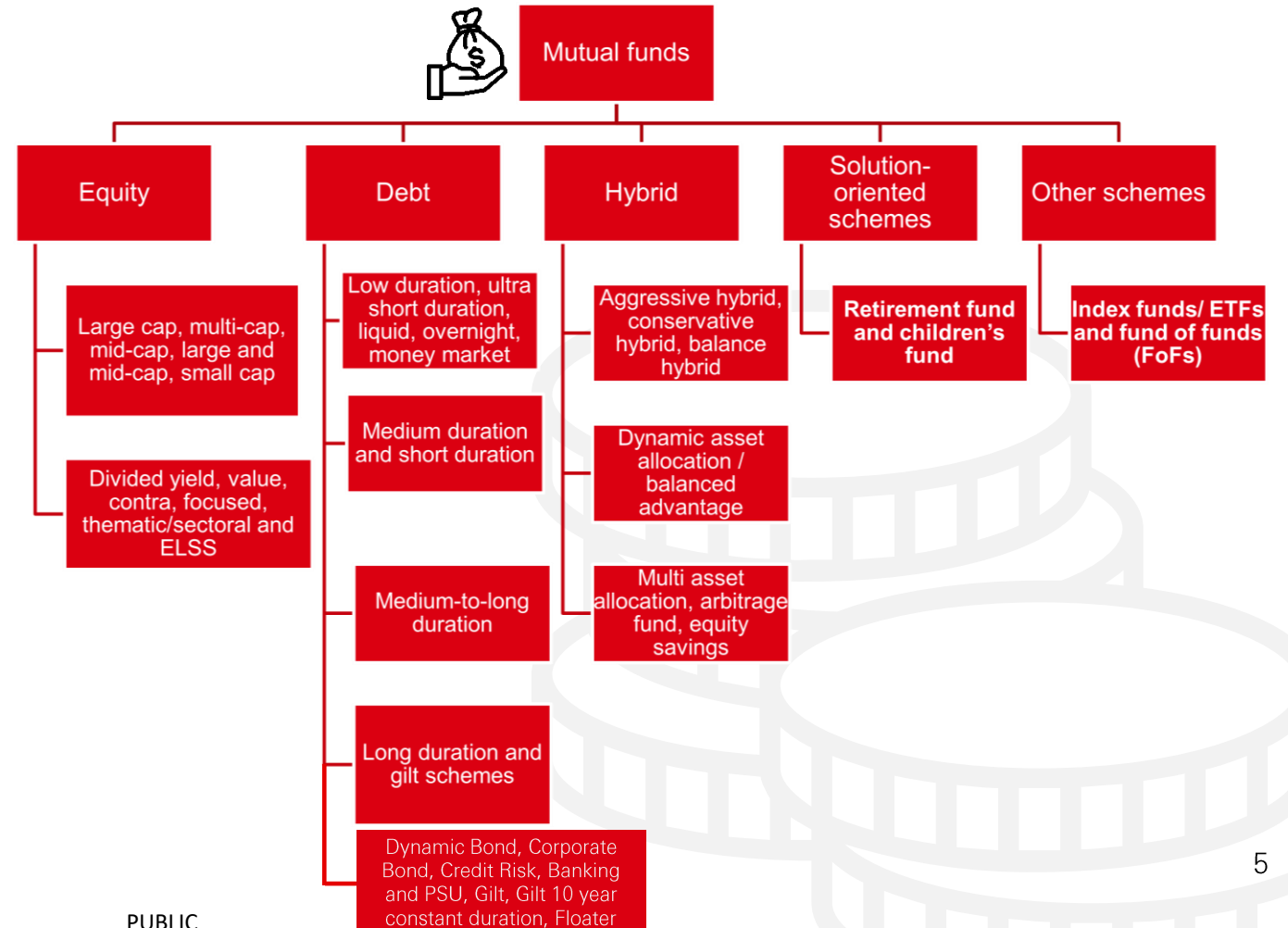
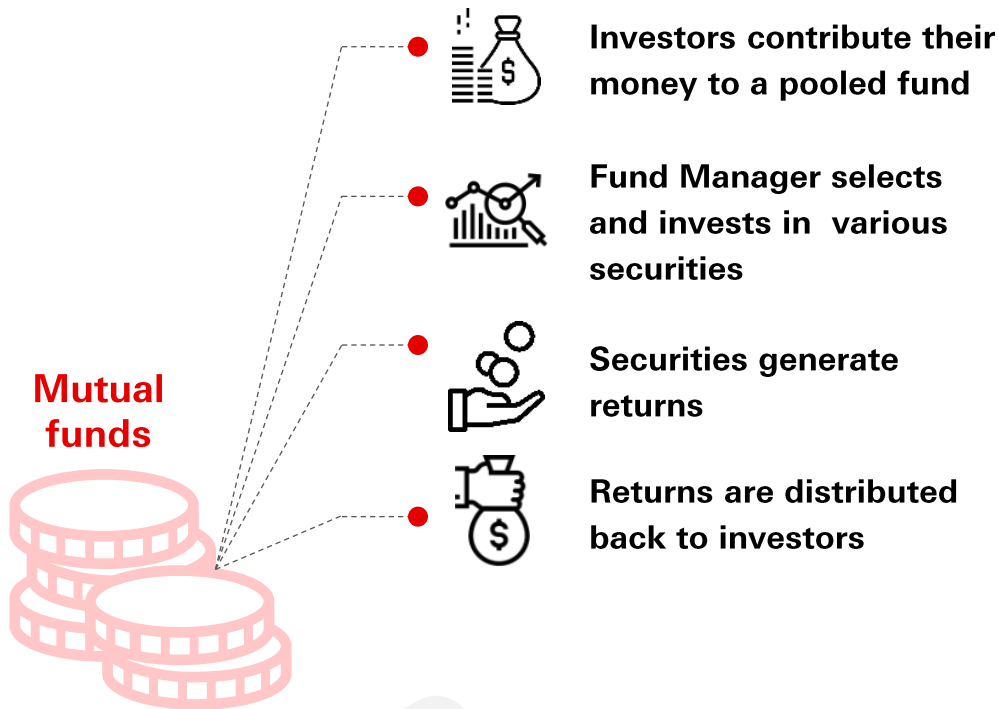


Mutual funds are one of the best investment options to manage risk, grow money and achieve financial goals

Source: CRISIL, Infographic for illustration purposes only.

Understanding mutual funds

- Mutual funds pool money from multiple investors
- with a shared investment objective and
- allocate it across equities, bonds, money market instruments, and other securities.

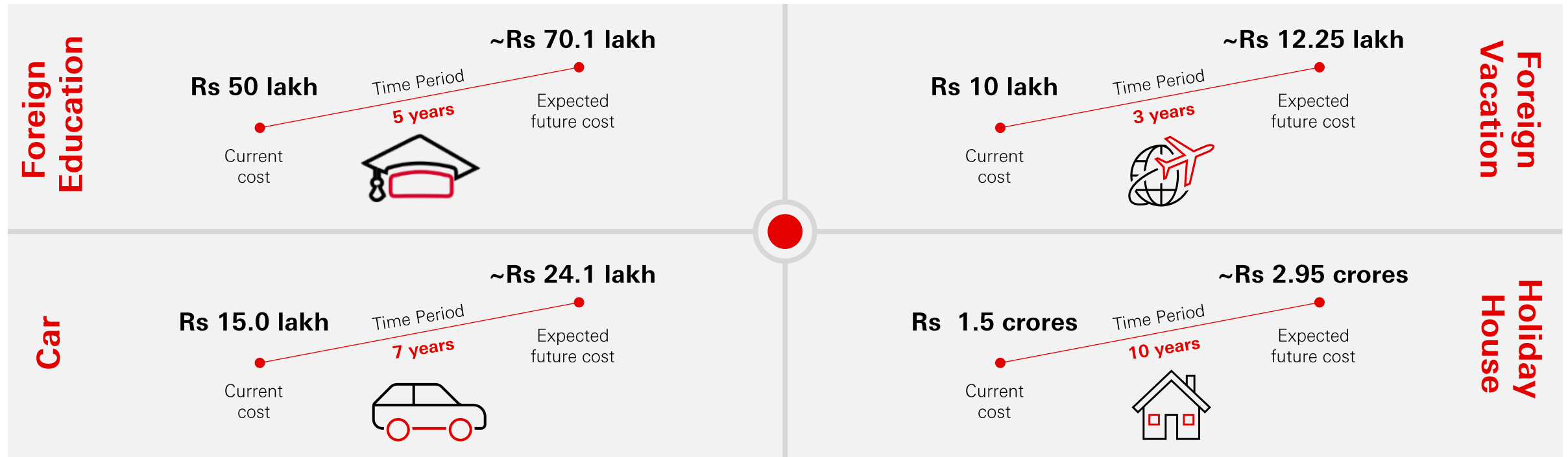


Source: CRISIL, SEBI, Infographic for illustration purposes only.

Are you prepared to achieve goals on time?

Inflation plays crucial role in financial planning

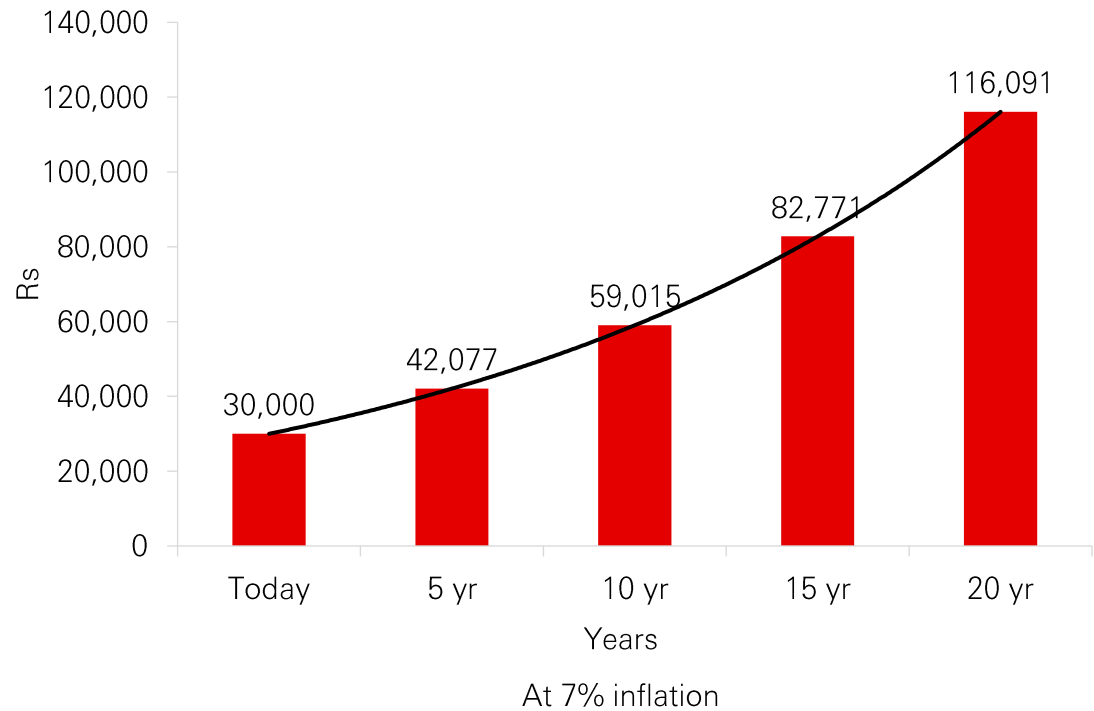
- Like Anit, we all have dreams, but they may not become reality because we often fail to quantify them as financial goals.
- Every goal requires proper financial planning, considering factors like the future cost of the goal
- Inflation significantly impacts these costs, making it essential to plan ahead. Below are hypothetical illustrations of various priority and lifestyle goals, along with their costs and time horizons.



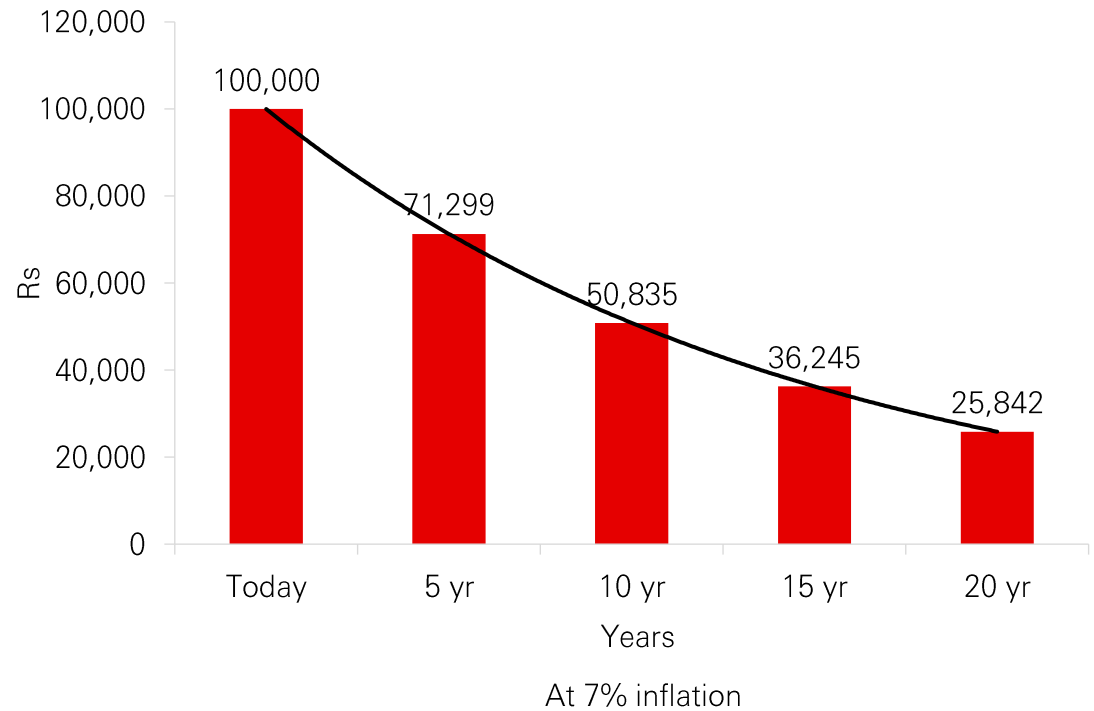
Source: CRISIL, labourbureau.gov.in, Calculations based on Inflation at 7% CAGR, Infographic for illustration purposes only.

Savings not enough as inflation erodes the value of money

Real cost of expense over time



Value of Rs 100,000 over time



Equity investments through SIPs can help beat inflation with better expected growth rates

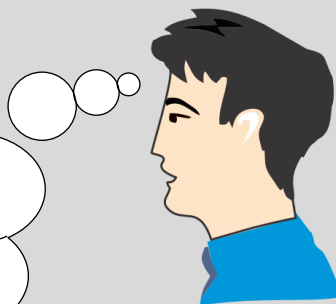
Source: labourbureau.gov.in, CRISIL
Inflation represented average of monthly inflation of industrial workers declared since January 1993 till January 2025
Past performance may or may not be sustained in future and is not a guarantee of any future returns

SIPs can help achieve your financial goals

Short-term goals

Year: 2020

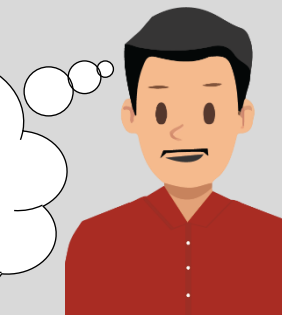
25-year-old Raghav is thinking of getting married in 3 years and wishes to go to an exotic location for honeymoon



Long-term goals

Year: 2008

Nisha and Aditya wanted to enroll their son in a foreign university after 18 years



Year 2023

Raghav garnered Rs 4.74 lakh by investing his savings of ~Rs 11,000 per month during this period



Year: 2023

Nisha and Aditya invested Rs 10,000 per month over 15 years to accumulate ~Rs 50 lakh, which helped them to achieve their goal



Everyone has short- and long-term goals. Some might look achievable, and some improbable. Investing through systematic investment plans (SIPs) can help achieve financial goals.

Source – CRISIL Research, HSBC MF, AMFI, BSE, Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding. Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice

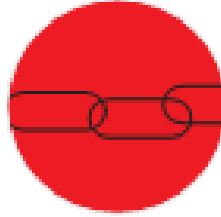
Benefits of SIPs



**Rupee-cost
averaging**



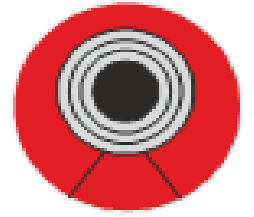
**No need for
market timing**



**Compounding
benefits**



**Beat the
inflation**



**Instil investment
discipline**

Let's check how above benefits are offered under SIP over the next few slides

Source: CRISIL, Past performance may or may not be sustained in future and is not a guarantee of any future returns

Rupee-cost averaging

- SIPs offer the advantage of rupee-cost averaging to long-term investments
- Investors buy at different intervals, thus capturing the ups and down of the market cycle
- For instance, with Rs 10,000, one can buy 500 units of Rs 20 or 1,000 units of Rs 10 each, as market goes up or down

More units are purchased when a scheme's NAV is lower and fewer units when the NAV is higher

Investment (a)	NAV (b)	No. of units (a)/(b)
Rs 10,000	Rs 20.00	500
Rs 10,000	Rs 10.00	1000
Average cost/unit*	Rs 13.33	

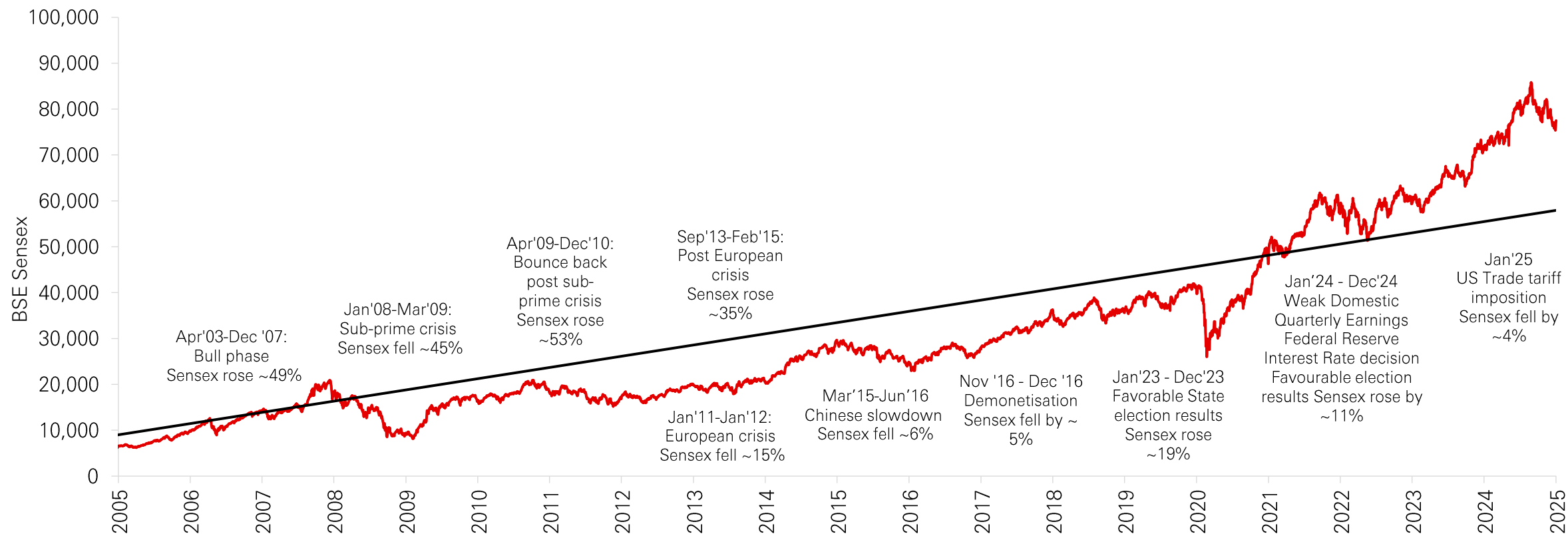
As you can see,
when the NAV falls,
you accumulate
more units, and vice
versa, thereby
averaging out the
cost

Rupee-cost averaging

The longer the time frame, greater the benefits from averaging

Source – CRISIL Research, The above calculations are for illustration purposes only. *Average cost = Total amount invested / Total units accumulated
Past performance may or may not be sustained in future and is not a guarantee of any future returns

When market falls, your SIP accumulates more units



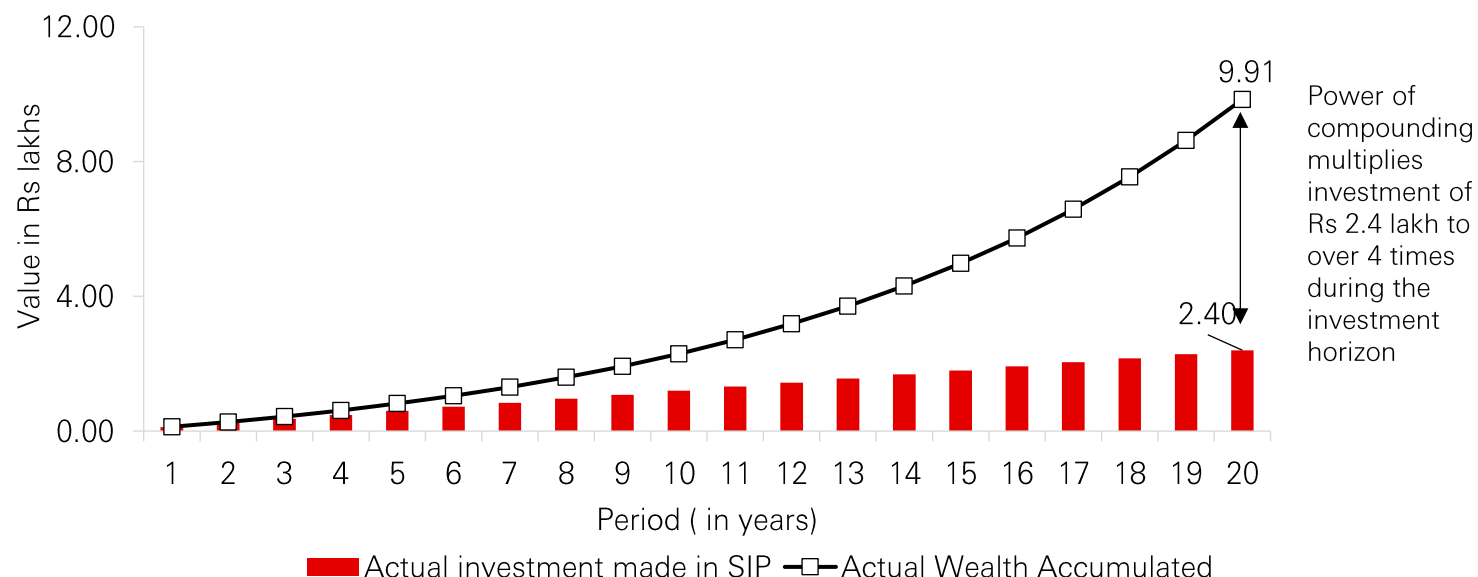
No need for market timing

Regular investing works well through SIPs

Source: BSE, CRISIL Research, data for 2025 are till 31 January 2025.
Returns for period less than one year are absolute; otherwise, annualised
Past performance may or may not be sustained in future and is not a guarantee of any future returns

Start SIPs early to get the benefit of long-term investing

- The longer the investment period, the higher is the compounding effect of money.
- There is a famous quote that, "Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it."
- If an investor starts a monthly SIP of Rs1,000 in an equity mutual fund for 20 years, his / her actual investment of Rs 2.40 lakh could catapult to Rs 9.91 lakh



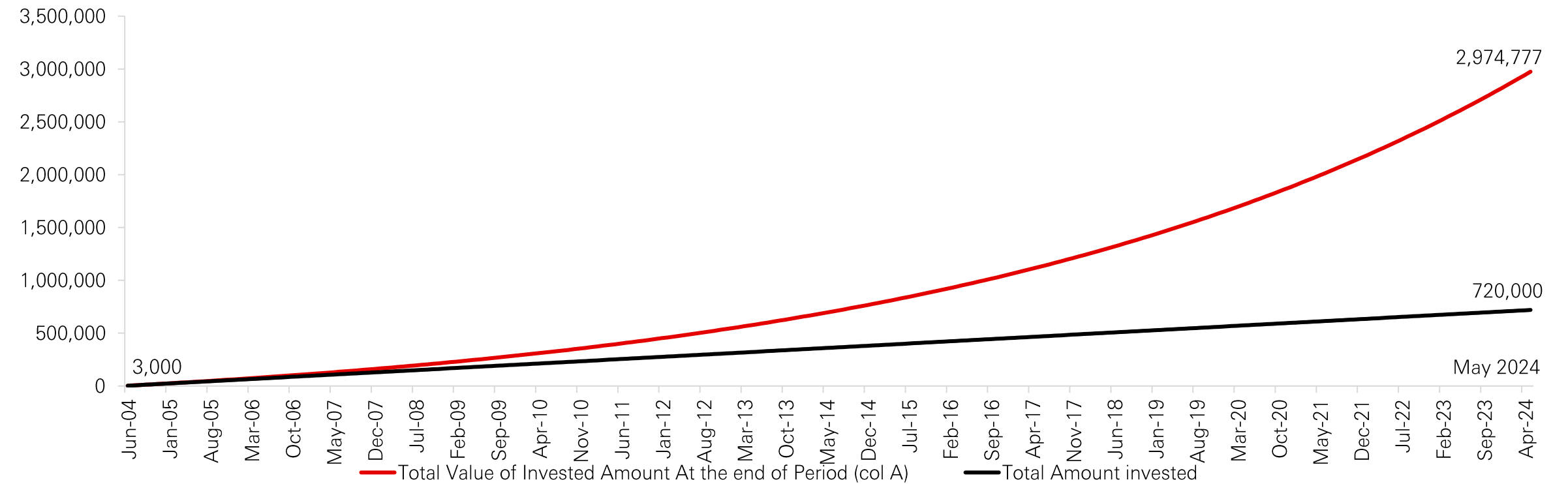
Compounding

The most powerful force in the Universe

Source – CRISIL Research, HSBC MF, AMFI, BSE, Data period 1 Jun 2004 to 31 May 2024, Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding. Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice

SIP Performance

Performance of SIP of Rs.3000 p.m. over 20 years



Beat the inflation

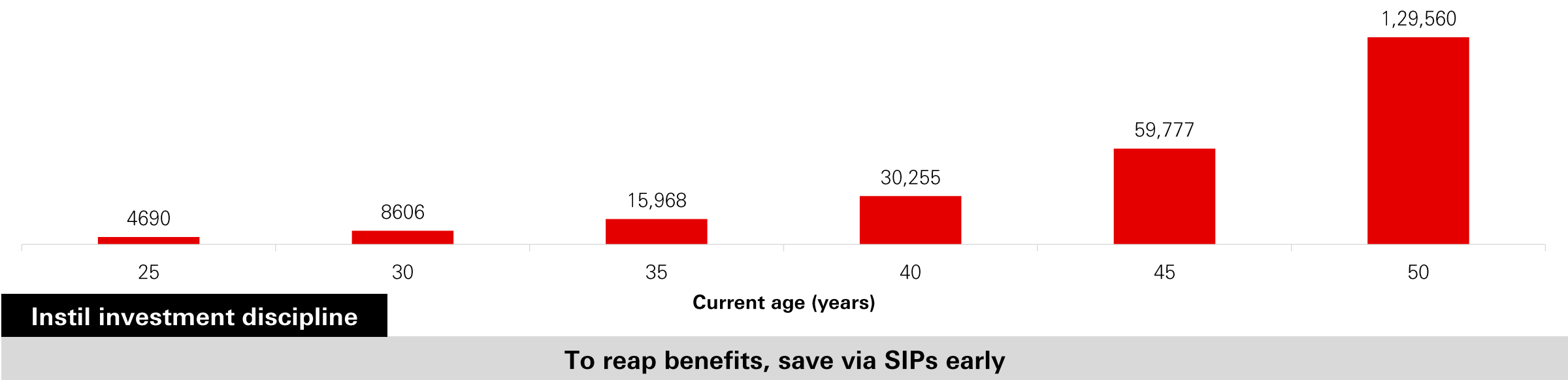
with SIP performance track record

Source – CRISIL Research, HSBC MF, AMFI, BSE, Data period 1 Jun 2004 to 31 May 2024, Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding. Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice.

Delay in action can cost you the compounding benefit

- If a particular amount is invested for the long term, the interest on the investment gets re-invested (compounding effect), thereby earning higher returns
- But deferment would require a higher investment amount to reach the same goal
- Illustration: A 25-year-old investor would require a monthly investment of Rs 4690 to build a retirement corpus of Rs 3 crore by the age of 60, at a 12.62% growth rate. However, a delay of five years would require doubling the monthly investment to reach the goal

Cost of delay - Monthly amount required to build retirement kitty of Rs 3 crore nearly doubles due to a delay of 5 years



Source – CRISIL Research, HSBC MF, AMFI, BSE, Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding. Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice

Market cycles may not affect SIPs

- As explained, rupee-cost averaging works well with SIPs as you don't need to time the market. Thus, market cycles do not impact your SIPs.
- It is difficult to consistently predict the exact top or bottom of a market cycle. At best, investors can create and follow a valuation checklist whenever they deviate from their strategic asset allocation. This should help them reduce portfolio-level volatility to some extent while participating in the equity market.
- For instance, in market cycle 4 in the table below, SIP is started in January 2015, at the peak of the BSE Sensex TRI, just before the 21% market correction. Over time, total SIP investments are of Rs 11.7 lakh, which grew to Rs 27.1 lakh as of September 30, 2024, yielding an annual return of 16.7% XIRR. In contrast, SIP started in February 2016, after the market correction SIP investment of Rs 10.4 lakh, which was valued Rs 22.7 lakh as of September 30, 2024, earned an annual return of 17.44% XIRR. Notably, though on first market cycle date investment was only Rs 1.3 lakh more than second market cycle date SIP, the market value of first investments was Rs 4.5 lakh higher.

Market cycle	SIP start month	Market Cycle Date	BSE Sensex TRI level	Market correction (%)	Correction tenure (months)	SIP period (years)	Amount invested (Rs lakh)	Valuation as on Sep 30 (Rs lakh)	Difference in invested amount (Rs lakh)	Difference in final value (Rs lakh)	SIP XIRR (%)
1	10-May-2006	1	15186	-29%	1	18.4	22.1	93.0	0.1	1.0	13.96
	14-Jun-2006	2	10790			18.3	22.0	92.0			13.98
2	09-Jan-2008	1	25752	-60%	13	16.8	20.1	77.3	1.4	11.3	14.54
	06-Mar-2009	2	10423			15.6	18.7	66.1			14.76
3	04-Nov-2010	1	26825	-26%	13	13.9	16.7	52.6	1.3	7.4	15.21
	20-Dec-2011	2	19759			12.8	15.4	45.2			15.69
4	28-Jan-2015	1	40426	-21%	12	9.8	11.7	27.1	1.3	4.5	16.70
	11-Feb-2016	2	31840			8.7	10.4	22.7			17.44
5	14-Jan-2020	1	61231	-38%	2	4.8	5.7	9.2	0.2	0.4	20.83
	23-Mar-2020	2	38017			4.6	5.5	8.9			21.65

- It is interesting to note that while the % return is marginally higher for second market cycle date, the absolute gain in rupee terms (wealth creation) is far higher for first market cycle date.
- The 'cost of delay' in starting SIP can be huge over the long term. The longer the market takes to reach the bottom, the higher the cost of delay, provided all other factors remain constant.

The biggest risk is not the market, but missing out on compounding over time

Source: CRISIL MI&A Research
Past performance may or may not be sustained in future and is not a guarantee of any future returns

Short-term volatility is an intrinsic part of equity investments

Long-term investment pays off

BSE Sensex	3-year rolling returns	5-year rolling returns	7-year rolling returns	10-year rolling returns	15-year rolling returns
Average rolling period returns	16.26%	15.76%	15.36%	15.17%	14.45%
Total time periods (monthly rolling)	512	488	464	428	368
Total number of positive returns*	449	454	439	425	368
Total number of negative returns^	51	33	25	3	0
Positive investment periods	88%	93%	95%	99%	100%

The longer you stay invested, the lower is the possibility of negative returns

In the long term, the probability of incurring losses is lower in equity investments

Notes:

Monthly rolling returns for respective holding periods since 30 June 1979. For instance, in case of 15-year monthly rolling returns, there will be 365 return periods. The first return period will be 30 June 1979- 30 June 1994 and the last return period will be 31 Dec 2007- 31 January 2025.

* Positive returns – The number of investment periods during which returns have been positive. For example, where investment returns have been computed for a 15-year rolling period, 365 months offered positive returns (profits), the number of positive returns period = 356

^ Negative returns – Number of investment periods during which returns have been negative. For example, where investment returns have been computed for a 5-year rolling period, 33 months offered negative returns (losses), the number of negative returns = 33

Source: BSE, CRISIL Research

Past performance may or may not be sustained in future and is not a guarantee of any future returns, Data as on 31 Jan '25

Set up small SIPs regularly to achieve your big goals

SIPs can assist you accumulate the corpus for your lifetime financial goals



Child's education

Monthly savings of just Rs 10,000 in SIP could cover your child's education expenses worth around Rs 50 lakh after 15 years



Child's wedding

Saving as low as Rs 10,100 each month for 20 years may help create your child's wedding kitty worth around Rs 1 crore



Retirement

Building a retirement nest of nearly Rs 13 crore isn't too big a task if you pool in Rs 20,350 monthly for 35 years of work life



World tour


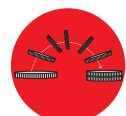
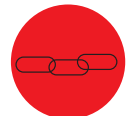

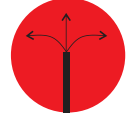
Saving as low as Rs 10,000 each month for 20 years can help you create your world holiday kitty worth around Rs 99 lakhs

Source – CRISIL Research, HSBC MF, AMFI, BSE, Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding. Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice

Augment SIP quantum as income appreciates

Incremental SIP, commonly referred to as SIP top-up, allows investors to increase their installments by a fixed amount at pre-determined intervals and, thus, leverage rising income

Benefits of SIP top-up:

-  Investors with initial low savings can use SIP top-up to gradually increase investment to achieve goals
-  It works on auto-pilot to increase savings in sync with income
-  Wealth grows faster due to the power of compounding
-  It helps avoid paperwork associated with increasing SIP contribution during the tenure
-  It reduces the effort for creating and tracking multiple SIPs in the same scheme

Past performance may or may not be sustained in future and is not a guarantee of any future returns

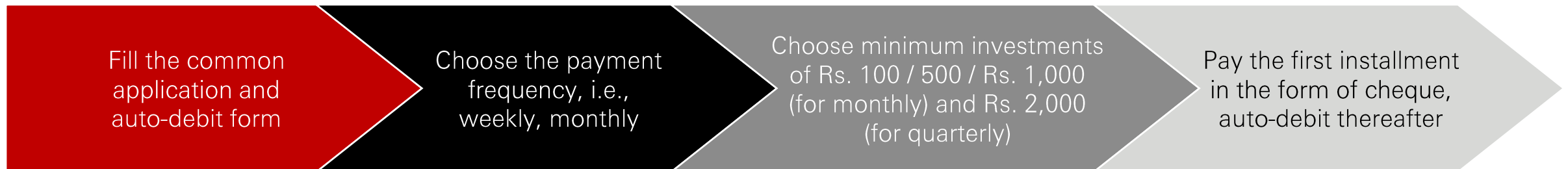
Before initiating an SIP...

- Gauge the investment horizon and risk profile
- Conduct due-diligence
- Define your financial goals

After investing in an SIP...

- Keep track of your investments to ensure they are in sync with the financial plan
- Never fall prey to market volatility and discontinue SIPs, as staying invested is the key to generate optimum returns
- Consider increasing the SIP amount during events such as SIP anniversary or salary increases
- Always follow the three golden rules – invest early, invest regularly, and invest for the long-term

Starting an SIP



Past performance may or may not be sustained in future and is not a guarantee of any future returns

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