

## Mutual Fund

# What should an investor do in a **volatile market?**



One of the most common dilemmas an investor has during a volatile market situation is that: Should I stop investing or continue my investment? Ideally, to create wealth in the long term, one should continue investing, irrespective of market ups and downs, until the goal is met.

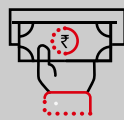
In fact, continuing investment in a disciplined manner through **Systematic Investment Plan (SIP)** can help you ride out market volatility. And reacting to short-term market hiccups can adversely impact the investment portfolio. Here's an example.

**Investor A** and **Investor B** started a monthly **SIP of Rs.10,000** in **S&P BSE Sensex** on 01 January 2011 with the goal to **create long-term wealth**.

### When the market fell in March 2020 due to Covid-19 pandemic



**Investor A** stopped SIP, redeemed money and invested it in a fixed deposit



**Investor B** continued his SIP investment



This is how their portfolio looked like as on March 2021

	Investor A	Investor B
Investment Amount	11,10,000	12,30,000
Investment Value	13,17,971	23,69,182
Returns* (XIRR)	3.70%	12.43%

Source: ACE MF | Data as on 31 March 2021. Monthly SIP of Rs.10,000 in S&P BSE Sensex from 01 Jan 2011. Investment period of Mr. A: 01 Jan 2011 to 31 March 2020 | Investment period of Mr. B: 01 Jan 2011 to 31 March 2021. These scenarios are not comparable but depict the chance of wealth creation in each individual situation. \* XIRR (Extended Internal rate of return) calculated as on 31 March 2021. For illustration purpose only. Past performance may or may not sustain, it does not guarantee the future performance.



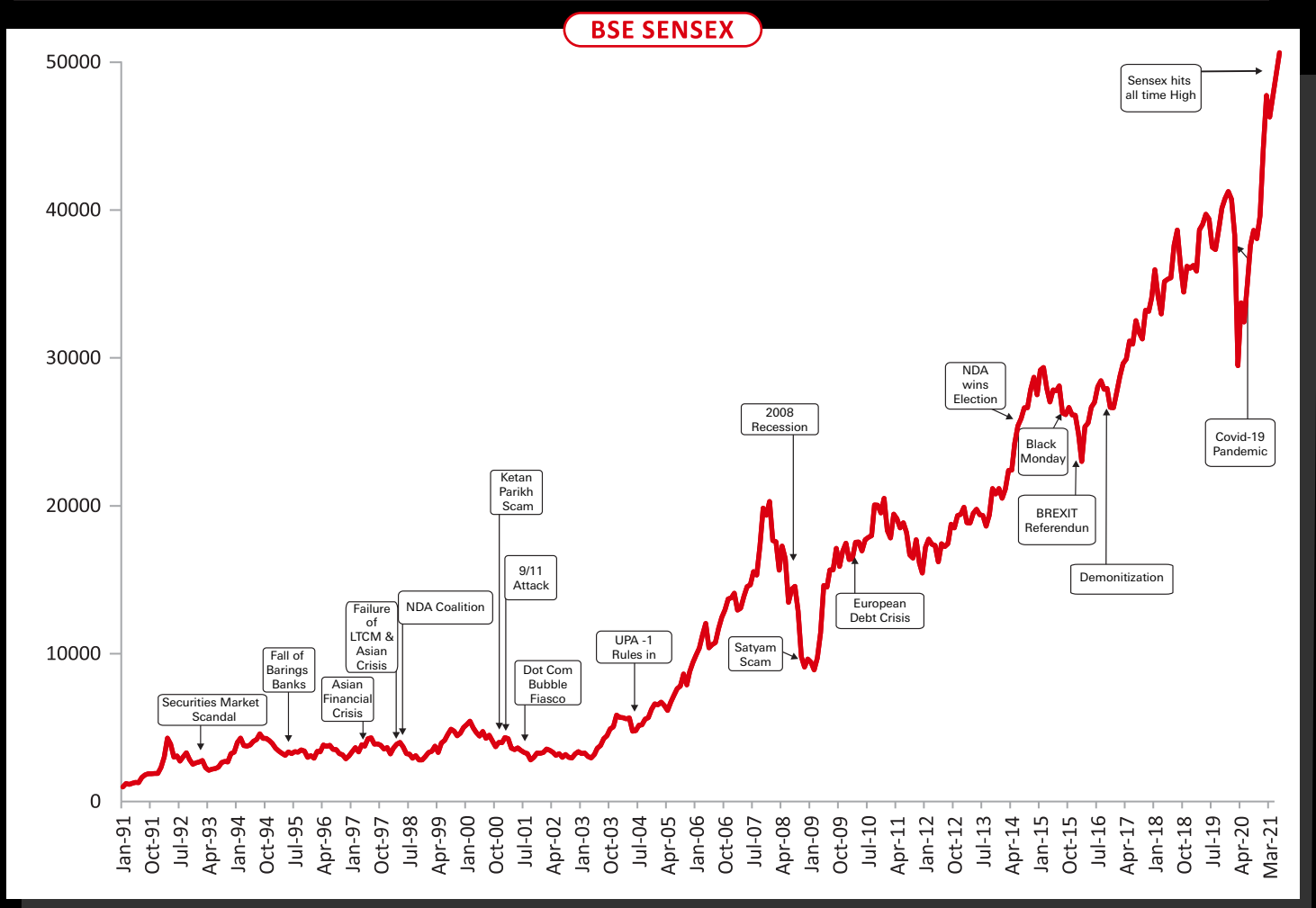
**Investor A** invested the redeemed amount in a fixed deposit in April 2020 and accumulated **Rs.13.93 Lakh\*** as on **31 March 2021**

\*Assumed investment in SBI Fixed Deposit and the prevailing interest rate for the selected time was 5.70%



**Investor B** could not only create wealth but also tackle market volatility by continuing SIP, irrespective of market crash during the pandemic.



The equity market has seen various such events in the history and has managed to create wealth for its investors over the years despite these ups and downs.



Source: BSE India

It is important to continue investment via SIP and focus on the goal of long term wealth creation.

### Benefits of continuing SIP during volatile times

 <p>Rupee cost averaging</p>	 <p>Risk mitigation</p>	 <p>Wealth creation over the years</p>
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**To attain your long-term goals, it is important to invest via SIP and continue it during volatile times as well.**

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