

# May SIP take care of your interest!



Did you know that your SIP investments may potentially offset the burden of your Home Loan interest? Explore this illustration for a clearer understanding. In the case of a 10-year tenure (H1), consider a Home Loan of Rs.1 Crore with an EMI of approximately Rs. 1.3 Lakhs. Over the course of a decade, this loan accumulates an interest amount of around Rs. 58.5 lakhs. Additional examples with varying interest rates and tenures are presented in this illustration, providing insights into the corresponding interest payments for each loan scenario.

Home Loan Calculation			
	H1	H2	H3
Home Loan Value (Rs.)	1,00,00,000	50,00,000	1,00,00,000
Loan Tenure (Years)	10	15	20
Interest Rate	10%	9%	8.5%
EMI (Rs.)	1,32,151	50,713	86,782
Principal (Rs.)	1,00,00,000	50,00,000	1,00,00,000
Total (Principal + Interest) (Rs.)	1,58,58,088	91,28,399	2,08,27,758
<b>Total Interest paid on Home Loan (Rs.)</b>	<b>58,58,088</b>	<b>41,28,399</b>	<b>1,08,27,758</b>

## SIP

Let's now explore how SIP investments may potentially mitigate the impact of Home Loan interest burdens over different periods. In the context of this SIP investment scenario, exemplified by S1, a monthly investment of Rs. 48,500 in the Sensex over a 10-year period has yielded an additional inflow of approximately Rs. 58.8 lakhs in returns. This return surpasses the outflow in home loan interest in the initial example, denoted as H1. To illustrate the effectiveness of SIP investments further, two additional examples (SIP cases) with varying tenures are provided below. These examples demonstrate how the returns generated from SIP investments in each period serve to offset the home loan interest amounts.

SIP Calculation			
	S1	S2	S3
SIP Investment in Sensex p.m. (Rs.)	48,500	12,000	13,000
SIP Tenure (Years)	10	15	20
Investment Amount (Rs.)	58,20,000	21,60,000	31,20,000
Returns <sup>^</sup>	12.64%	12.64%	12.64%
Total Investment Value (Rs.)	1,17,07,842	64,39,461	1,41,72,762
<b>Profit earned from the SIP investments (Rs.)</b>	<b>58,58,088</b>	<b>42,79,461</b>	<b>1,10,52,762</b>

Source - HSBC MF, AMFI, BSE, SBI, SIP Calculation - ^ Mean CAGR returns of Sensex considered for illustration is 12.64%. Returns calculated by taking mean of 10-year rolling returns between 1 June 2013 and 30 May 2023 of Sensex. For SIP returns, Rs.48,500/- (S1), 12,000 (S2) and 13,000 (S3) are invested on the 1st day of every month has been considered. For S1, S2 and S3 examples SIP tenure of 1 June 2013 to 30 May 2023, 1 June 2008 to 30 May 2023 and 1 June 2003 to 30 May 2023 has been considered respectively. The above illustration is provided as per AMFI Best Practice Guidelines 109 to explain the concept of power of compounding.

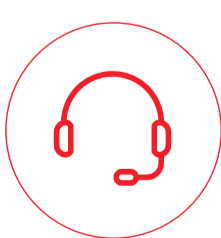
Past performance may or may not be sustained in the future and is not a guarantee of any future returns. Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

SIP may help achieve your important financial goals and SIP may also help take care of your home loan interest burden. [Click here](#) to know more

We're always here to help you, feel free to reach out to us.



Knowledge Centre



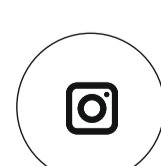
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