

## **Systematic Investment Plan**

**DSP BlackRock Mutual Fund**



When they say time is money, they must mean **Systematic Investment Planning**



*Birth*

*Education*

*Career*

*Marriage*

*Family*

*Retirement*

Life is a roller coaster ride- full of ups and downs. We all know we have to save for many responsibilities life brings along with it.  
But no matter how much you save- It's Never Enough!

# Introduction

## Did you know ?

**If your current monthly expenses are Rs. 30,000/- per month, then after 20 years you will require Rs. 80,000/- a month to just maintain the same lifestyle!**

**An education degree for your child which currently costs Rs. 20 lakh could cost over Rs. 34 lakh after 11 years!**

At inflation of 5%

# Individual Investor Needs: Investment Goals

## All individuals need to save for

- Retirement
- Child's education / marriage
- Medical emergency
- Other family obligations



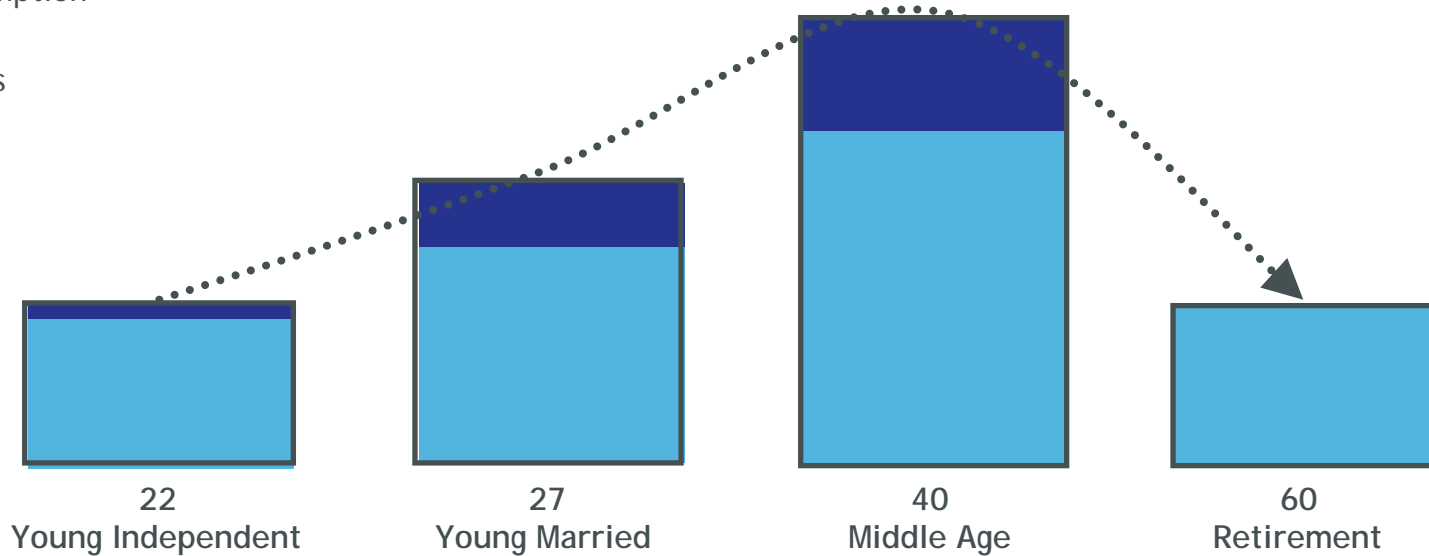
Every individual has one or more of the above goals

# Individual Investor: Life Stages

■ Earnings (Consumption + Savings)

■ Consumption

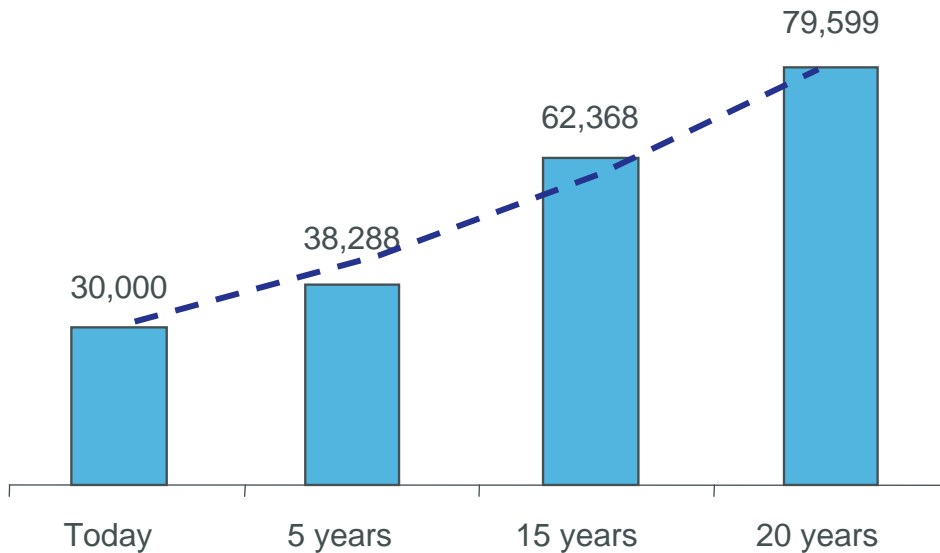
■ Savings



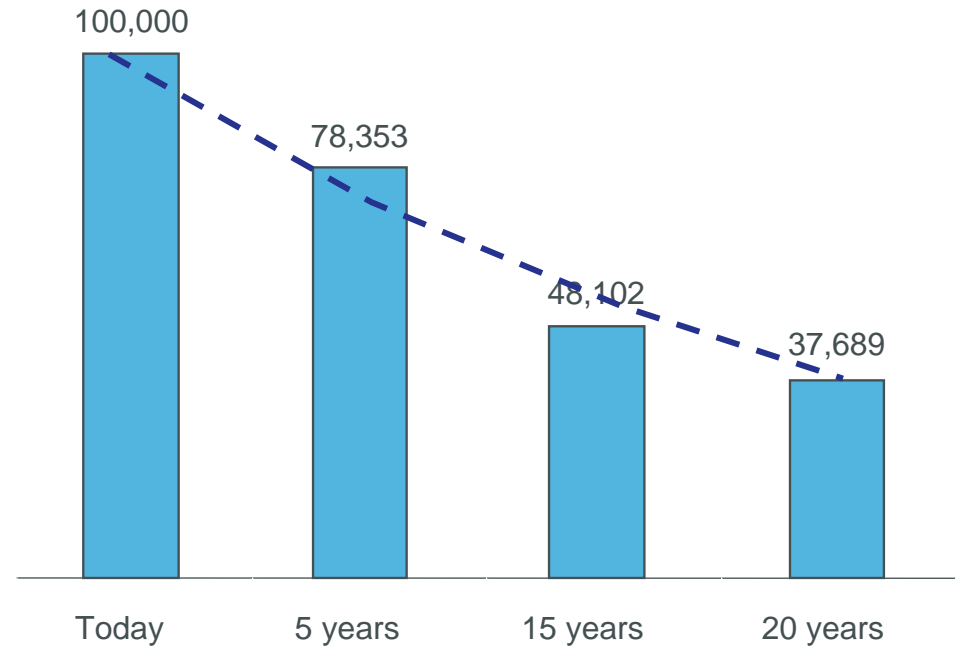
All individuals have a finite period to save for their investment goals

# Value of Money over time

Impact of inflation on monthly expenses of Rs. 30,000 today



Value of Rs. 100,000 over time

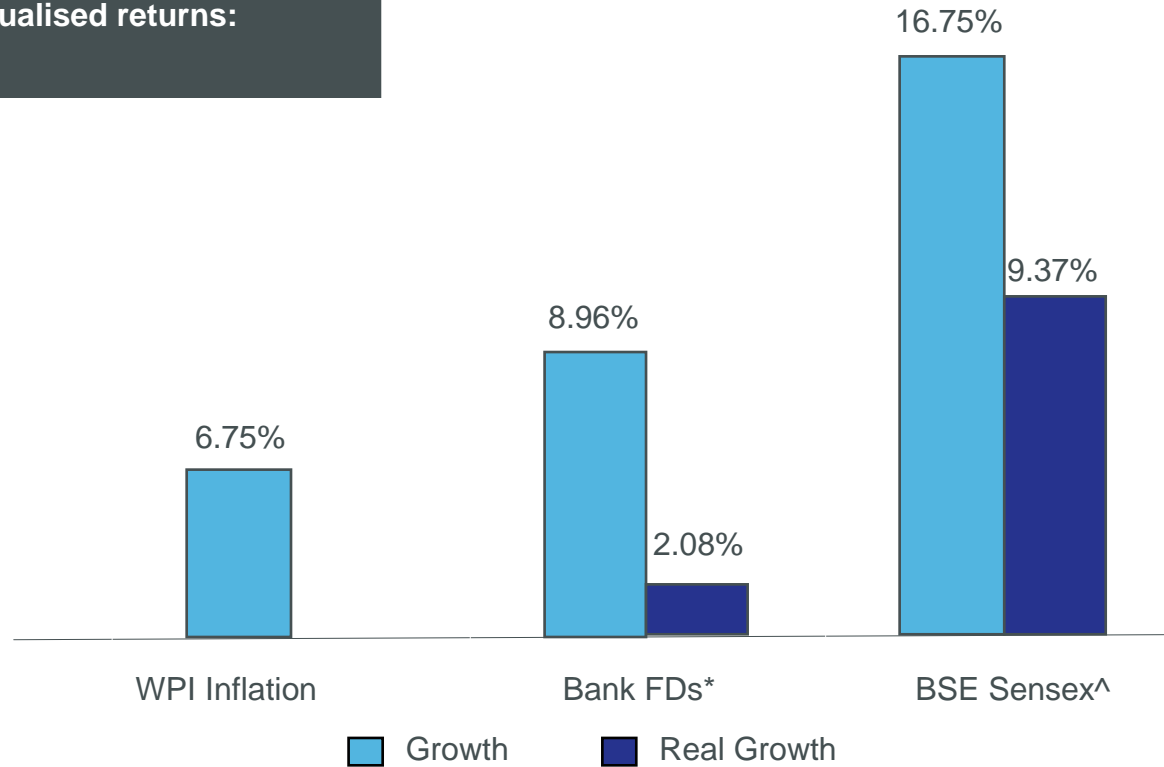


Investors need to beat inflation

All figures in Rs.; The above charts are only for illustration purposes and are based on an assumed rate of inflation of 5% p.a.

# Performance of Various Asset Classes

Cumulative annualised returns:  
1982 to 2011



**Equities outperform other asset classes over the long term**

Source: IIFL, Internal; \*1-3 year deposit rate; ^excluding dividends; data as at end FY2011

# Individual investors are scared of ...

The Downside Risk in Equities

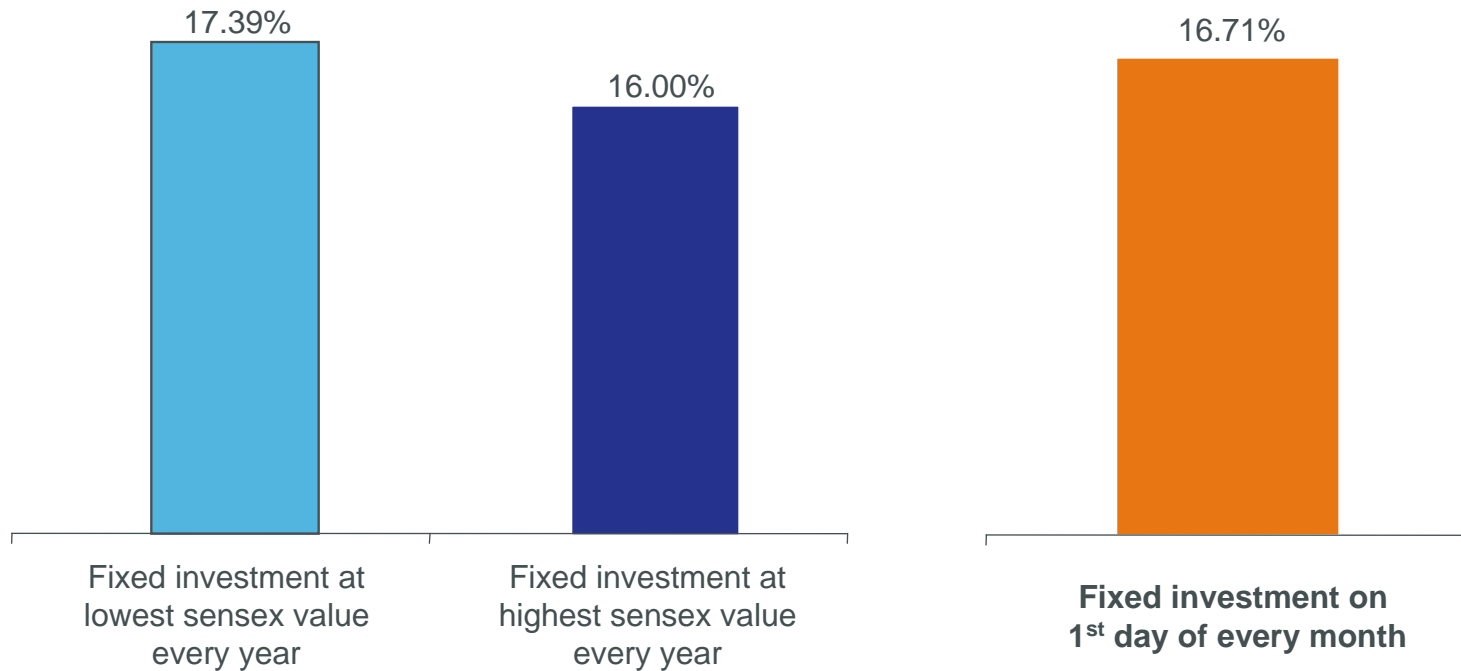
The Risk of Market Volatility

The Risk of Market Timing

**What else makes a material impact on investments in equity?**

# Investing in the BSE Sensex

Returns\* are from Jan 1980- Mar 2011



**Market timing does not matter over the long term**

Source: Internal; \*XIRR, time period considered Jan 2, 1980 to Mar 31, 2011

# The Power of Compounding

Saving a small sum of money regularly in equity mutual funds can make your money work with greater power and can have a significant impact on wealth accumulation.

	Investment Scenario A	Investment Scenario B
Number of years	15	20
Monthly investment	Rs 5000	Rs 5000
Total investment	Rs 9 lakh	Rs 12 lakh
Assumed annualised return	18%	18%
Final corpus	Rs. 45.96 lakh	<b>Rs. 1.17 crore</b>

The above illustration above is merely indicative in nature and does not in any manner indicate the performance of any of the schemes of DSP BlackRock Mutual Fund. Please read the SID and SAI carefully before investing.

Even a seemingly small 5 year delay can cost you the 'CROREPATI' tag

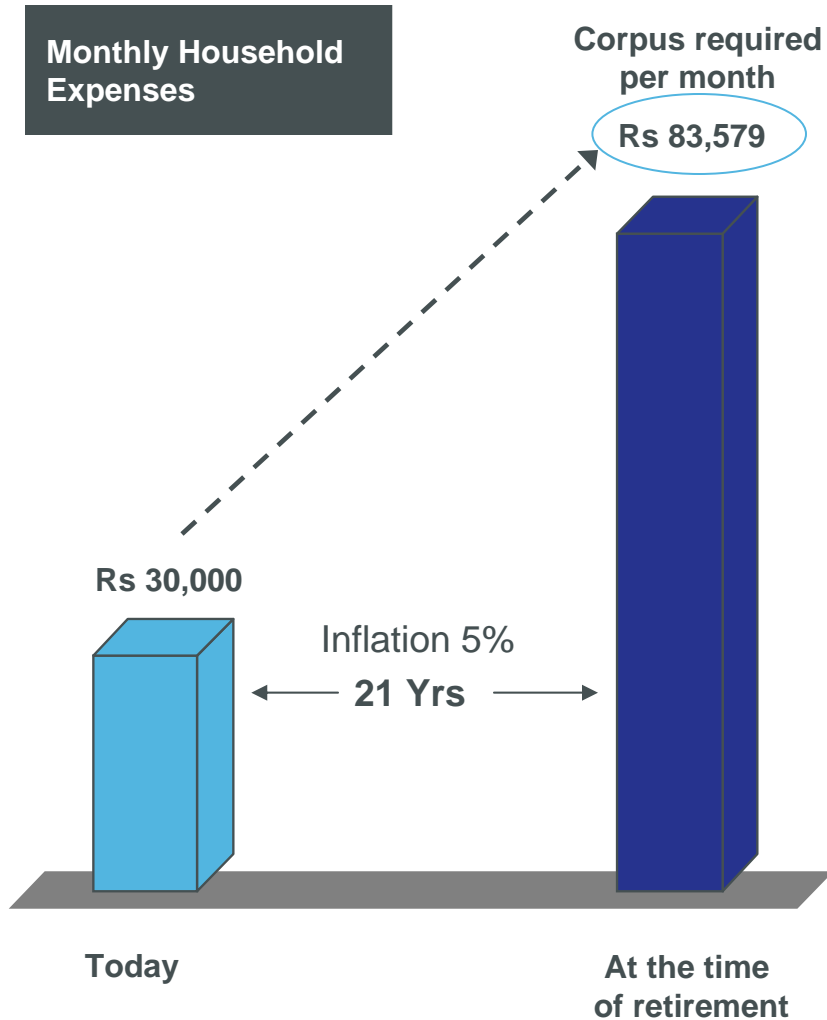
## Summary

Investors needs to save regularly and invest those savings in higher return assets to create wealth

Long Term Systematic Monthly Investment In equity schemes is ideal for this !

**How Do You Achieve Your Financial Goals?**

# Retirement Planning



Retirement corpus required to meet post retirement expenses (if invested at 7%) : **Rs 1.4 cr**

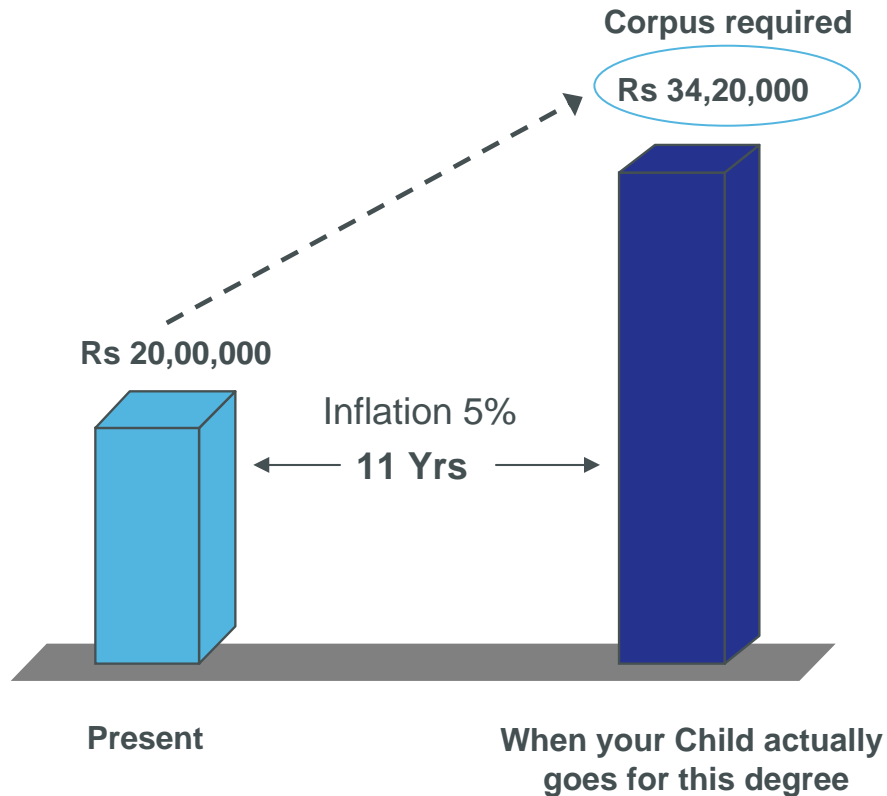
**Monthly investment needed to achieve this corpus in 21 years**

at 12%*	Rs 12,583
at 15%*	Rs 8,083
at 18%*	Rs 5,090

\*Assumed rate of annualised return

# Planning for Child's Education

Educational Degree for Child

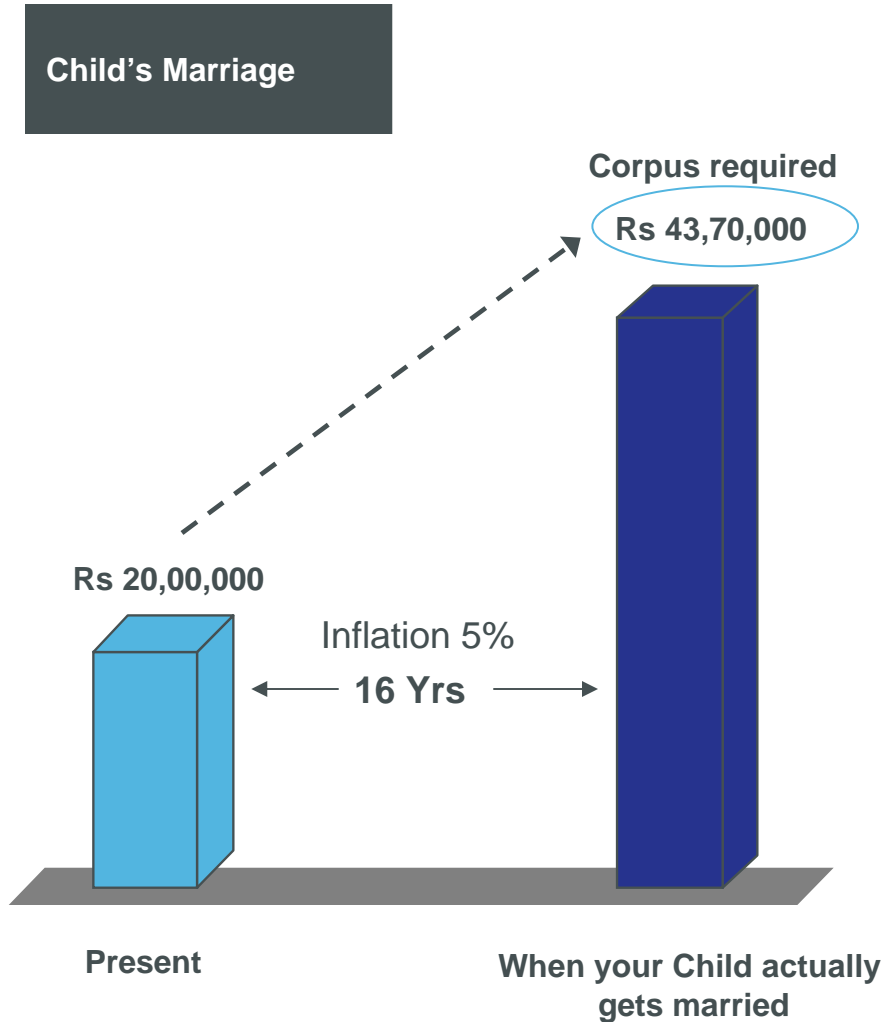


Monthly investment needed to achieve this corpus in 11 years

at 12%*	Rs 12,456
at 15%*	Rs 10,166
at 18%*	Rs 8,237

\*Assumed rate of annualised return

# Planning for Child's Marriage



## Monthly investment needed to achieve this corpus in 16 years

at 12%*	Rs 7,509
at 15%*	Rs 5,466
at 18%*	Rs 3,925

\*Assumed rate of annualised return

## **What Are The Benefits Of Investing Through Systematic Investment Plan?**

# Benefits of Investing Systematically

## The Benefit of Long Term Equity Investment

- Equities give superior returns among all asset classes over the long term
- DSP BlackRock Mutual Fund has a track record of consistent performance

## The Benefits of Systematic Monthly Investment

- Takes out the risk of market timing
- Adds the benefits of the rupee cost averaging and the power of compounding

### RUPEE COST AVERAGING

- One doesn't have to worry about when to invest, how much to invest etc considering daily market movements, as systematic investing reduces the risks significantly
- Eliminates the need to time your investments in equities
- Smoothens the impact of market fluctuations and hence reduces risks of investing in volatile markets
- The risk of market volatility gets negated with more units being purchased when the price is low and fewer units being bought when the price is high

# Benefits of Investing Systematically: Rupee Cost Averaging

Time (Months)	Amount invested	NAV per Unit (Rs)	Units purchased
1	1,000	23	43
2	1,000	21	48
3	1,000	22	45
4	1,000	19	53
5	1,000	16	63
6	1,000	17	59
7	1,000	17	59
8	1,000	20	50
9	1,000	21	48
10	1,000	19	53
11	1,000	25	40
12	1,000	24	42
<b>Total</b>	<b>12,000</b>		<b>601</b>

**Average NAV per Unit over 12 months =**  
 $(23+21+22+19+16+17+17+20+21+19+25+24) / 12$   
**or Rs 20.34**

**Average Cost per Unit over 12 months =**  
 $12,000 / 601$   
**or Rs 19.96**

**Average Cost per Unit will always be lesser than the Average NAV per Unit, regardless of the market movements**

Source: Internal; Hypothetical numbers meant only for illustration purpose

# Benefits of Investing Systematically (cont'd)

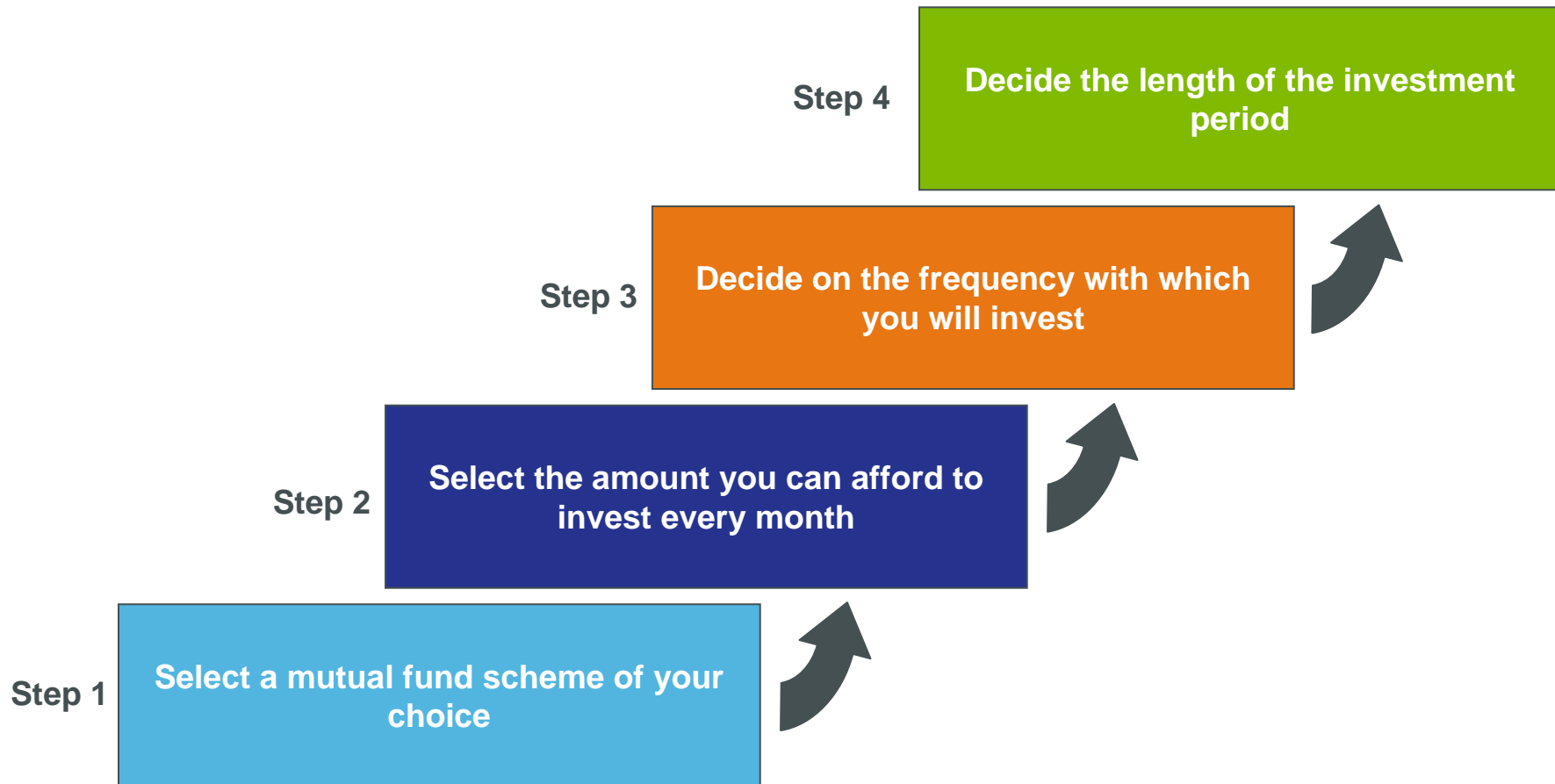
## Flexibility

- You can choose from a wide array of schemes
- You can decide to keep invested amounts in an earlier scheme & invest future SIP installments into a new scheme

## Added Convenience

- No need to submit post dated cheques- Auto debit facility available across multiple locations in India!
- Regular account statements
- Facility of direct credit of redemption/ dividend proceeds into your bank account

# The First 4 Steps To Potential Wealth Creation



# The Power of Compounding: Illustration A

**Table Illustrating the power of compounding (Assumed rate of return: 12% p.a.)**

Monthly Investments (Rs.)	12% return per annum				
	5 years	10 years	15 years	20 years	25 years
<b>2,000</b>	1.65 Lakh	4.65 Lakh	10.09 Lakh	19.98 Lakh	37.95 Lakh
<b>5,000</b>	4.12 Lakh	11.62 Lakh	25.23 Lakh	49.96 Lakh	94.88 Lakh
<b>10,000</b>	8.25 Lakh	23.23 Lakh	50.46 Lakh	99.91 Lakh	1.90 Crore
<b>15,000</b>	12.37 Lakh	34.85 Lakh	75.69 Lakh	1.50 Crore	2.85 Crore
<b>20,000</b>	16.50 Lakh	46.47 Lakh	1.01 Crore	2.00 Crore	3.80 Crore
<b>25,000</b>	20.62 Lakh	58.08 Lakh	1.26 Crore	2.50 Crore	4.74 Crore
<b>50,000</b>	41.24 Lakh	1.16 Crore	2.52 Crore	5.00 Crore	9.49 Crore

The above table is for illustration purpose only and not an indication of the performance of any of the schemes of DSP BlackRock Mutual Fund. Calculations are based on assumed rate of return and actual return may be more, or less.

**Invest Systematically to Benefit from the Power of Compounding**

Source: Internal

# The Power of Compounding : Illustration B

**Table Illustrating the power of compounding (Assumed rate of return: 15% p.a.)**

Monthly Investments (Rs.)	15% return per annum				
	5 years	10 years	15 years	20 years	25 years
<b>2,000</b>	1.79 Lakh	5.57 Lakh	13.54 Lakh	30.32 Lakh	65.68 Lakh
<b>5,000</b>	4.48 Lakh	13.93 Lakh	33.84 Lakh	75.80 Lakh	1.64 Crore
<b>10,000</b>	8.97 Lakh	27.87 Lakh	67.69 Lakh	1.52 Crore	3.28 Crore
<b>15,000</b>	13.45 Lakh	41.80 Lakh	1.02 Crore	2.27 Crore	4.93 Crore
<b>20,000</b>	17.94 Lakh	55.73 Lakh	1.35 Crore	3.03 Crore	6.57 Crore
<b>25,000</b>	22.42 Lakh	69.66 Lakh	1.69 Crore	3.79 Crore	8.21 Crore
<b>50,000</b>	44.84 Lakh	1.39 Crore	3.38 Crore	7.58 Crore	16.42 Crore

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**Invest Systematically to Benefit from the Power of Compounding**

Source: Internal

# The Power of Compounding : Illustration C

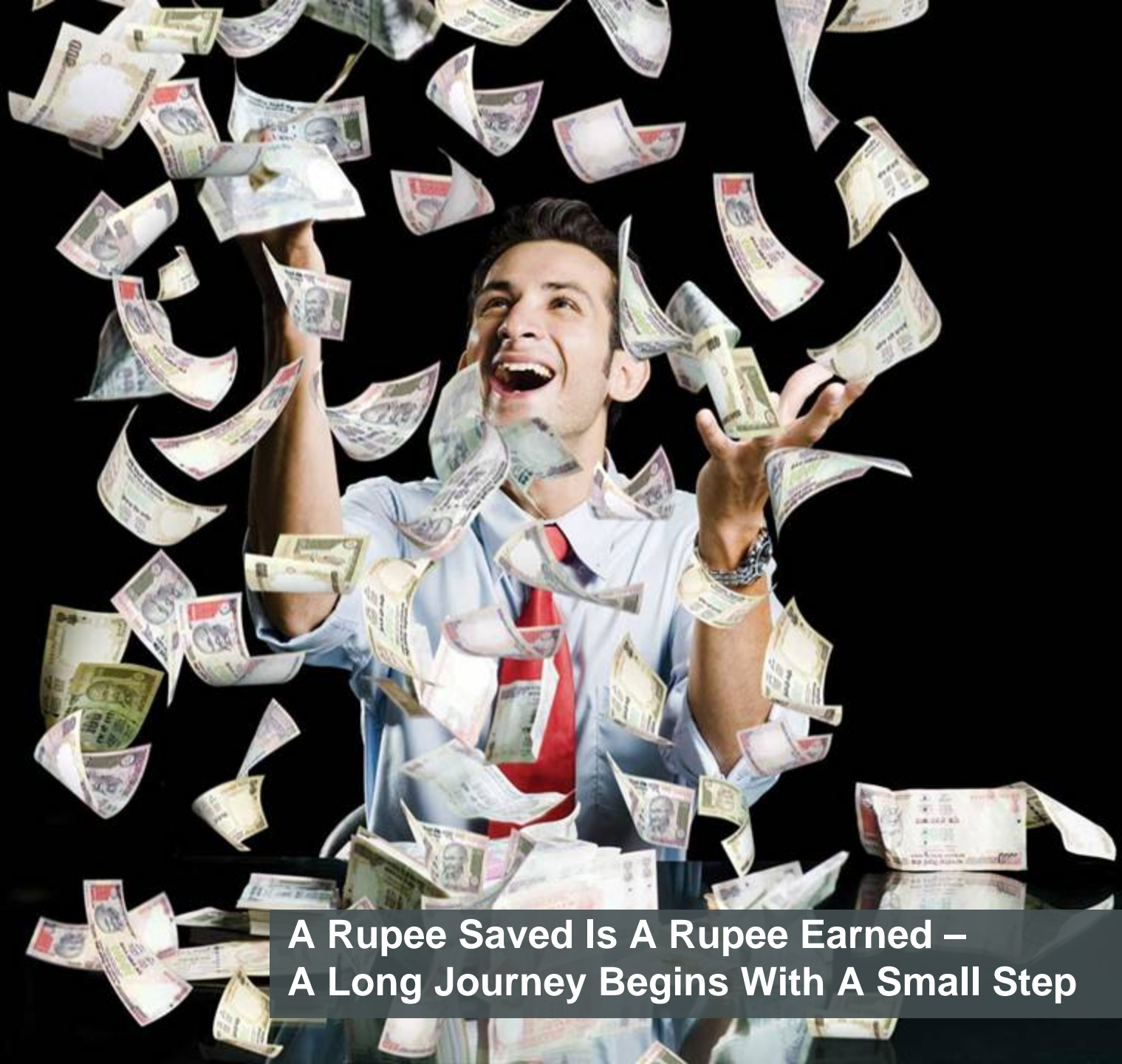
**Table Illustrating the power of compounding (Assumed rate of return: 20% p.a.)**

Monthly Investments (Rs.)	20% return per annum				
	5 years	10 years	15 years	20 years	25 years
2,000	2.07 Lakh	7.65 Lakh	22.69 Lakh	63.23 Lakh	1.73 Crore
5,000	5.17 Lakh	19.12 Lakh	56.71 Lakh	1.58 Crore	4.31 Crore
10,000	10.35 Lakh	38.24 Lakh	1.13 Crore	3.16 Crore	8.63 Crore
15,000	15.52 Lakh	57.35 Lakh	1.70 Crore	4.74 Crore	12.94 Crore
20,000	20.69 Lakh	76.47 Lakh	2.27 Crore	6.32 Crore	17.25 Crore
25,000	25.86 Lakh	95.59 Lakh	2.84 Crore	7.90 Crore	21.57 Crore
50,000	51.73 Lakh	1.91 Crore	5.67 Crore	15.81 Crore	43.13 Crore

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**Invest Systematically to Benefit from the Power of Compounding**

Source: Internal



**A Rupee Saved Is A Rupee Earned –  
A Long Journey Begins With A Small Step**

# Disclaimer

**Statutory Details:** DSP BlackRock Mutual Fund was set up as a Trust and the settlors/sponsors are DSP ADIKO Holdings Pvt. Ltd. & DSP HMK Holdings Pvt. Ltd. (collectively) and BlackRock Inc. (Combined liability restricted to Rs. 1 lakh). Trustee: DSP BlackRock Trustee Company Pvt. Ltd. Investment Manager: DSP BlackRock Investment Managers Pvt. Ltd. **Risk Factors:** Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the Schemes' objectives will be achieved. As with any investment in securities, the NAV of Units issued under the Schemes can go up or down depending on the factors and forces affecting capital markets. Past performance of the sponsor/AMC/mutual fund does not indicate the future performance of the Schemes. Investors in the Schemes are not being offered a guaranteed or assured rate of return. Each Scheme/Plan is required to have (i) minimum 20 investors and (ii) no single investor holding >25% of corpus. If the aforesaid point (i) is not fulfilled within the prescribed time, the Scheme/Plan concerned will be wound up and in case of breach of the aforesaid point (ii) at the end of the prescribed period, the investor's holding in excess of 25% of the corpus will be redeemed as per SEBI guidelines. The names of the Schemes do not in any manner indicate the quality of the Schemes, their future prospects or returns. For scheme specific risk factors, please refer the relevant Scheme Information Document. For more details, please refer the Key Information Memorandum cum Application Forms, which are available on the website, [www.dspblackrock.com](http://www.dspblackrock.com), and at the ISCs/Distributors. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.