



SIP Power

Timing the market is an exercise in futility. Why? Simply because you cannot. Everyone wants to buy low and sell high, but no one knows when it is "low enough" to buy and "high enough" to sell.

A **Systematic Investment Plan** (SIP) does help in providing you with a disciplined approach to investing. You end up with more units when the market is down and fewer when it is up. In this way, your cost of acquisition evens out.

SIP is also an effective way of achieving long term financial goals like Retirement, Children Future Planning – Education and Marriage, Buying a Home and various other goals.

A few interesting observation about return generation in equity markets are as follows:

Returns from BSE Sensex

Returns	01.01.2008	01.01.2013	CAGR (%)
BSE Sensex	20300	19580	-0.70

The markets are almost at the same level that they were five years back
i.e. BSE Sensex has generated - 0.70% CAGR from 1st Jan 2008 to 1st Jan 2013.

SIP Returns

Investments through "**Systematic Investment Plan**" in Top Mutual Fund Schemes have generated higher returns i.e. more than double digit return as shown below.

Scheme Name	Invested Amount (Rs) 10,000 per month	Current Value	CAGR (%)
ICICI Pru - Discovery (G)	600000	1,026,286	21.6
UTI - Opportunities Fund (G)	600000	909,595	16.6
Birla SL - Frontline Equity Fund (G)	600000	860,663	14.4
HDFC - Top 200 Fund (G)	600000	859,919	14.4
Franklin - India Bluechip Fund(G)	600000	843,807	13.6

SIP Start Date: 01.01.2008

SIP End Date: 01.01.2013

SIP Current Value as on 01.01.2013

SIP Amount - Rs 10000 per month

Conclusion: SIPs eliminate the human bias. It encourages investments at all times, irrespective of the market levels. Investors will pocket good gains if they invest in SIP of funds with a good track record.