

Systematic Investment Plan

Did you know?



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



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



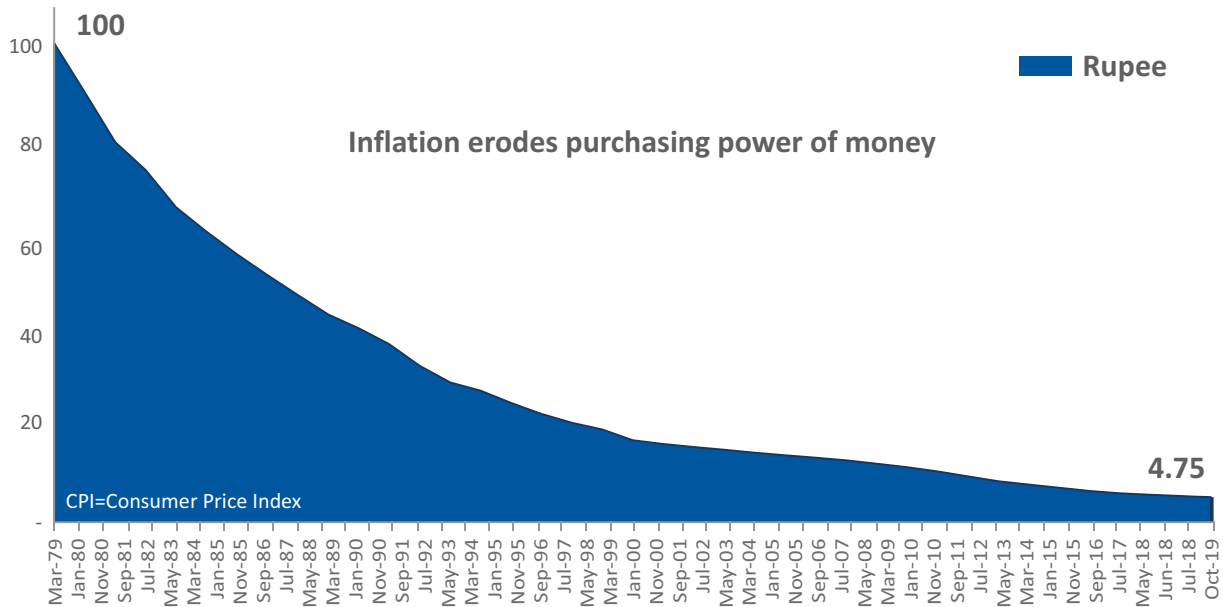
In 1990 petrol price was ₹ 9.84 and ₹ 78 today! It has increased 7.5 times in 29 years!



Sensex has grown from approx. 700 points in 1990 to approx. 40,129 points on 31st October, 2019, thus having shown a growth of 57x over a span of 29 years.

Value of money over time

Over FY79-19 inflation on an average has been 6%,
eroding purchasing power of ₹ by 95%



Source: Bloomberg, MOAMC internal analysis, Data as on January 31, 2020

Note: The information herein is used for comparison purpose and is illustrative and is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as an investment advice to any party. Past performance may or may not be sustained in future.

Importance of good investments

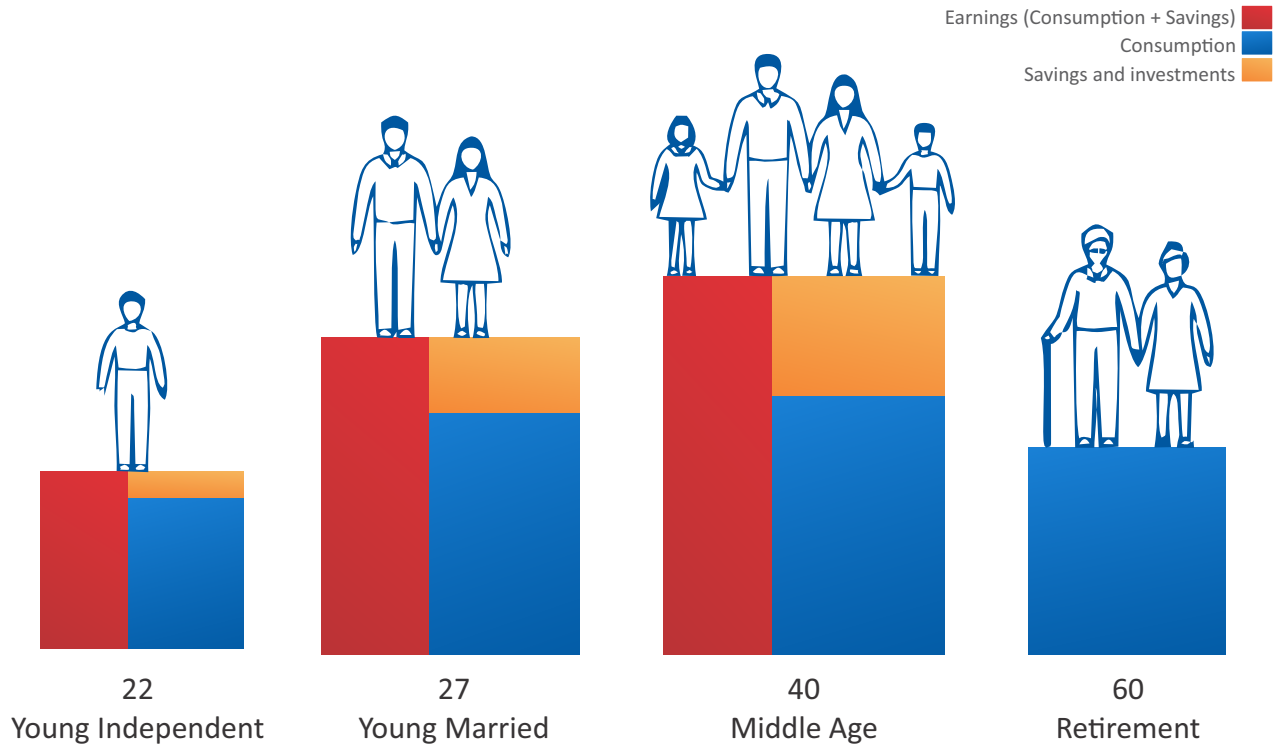
All individuals need to invest for:



Investors usually are scared of ...



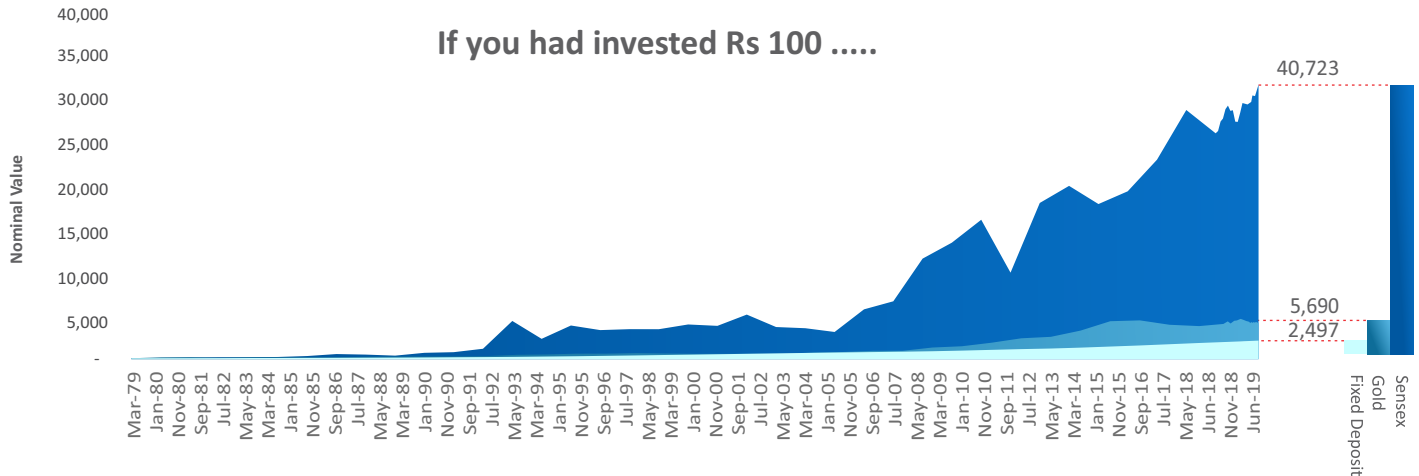
Life Stages of an Investor



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

Avenues of savings and investments

Cumulative annualized returns from 1979-2019:



Equities outperform other asset classes over the long term

Source: Bloomberg, MOAMC internal analysis, Data as on January 31, 2020

Note: The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

What is a Systematic Investment Plan (SIP)?

S

A Systematic Investment Plan or SIP is a smart and hassle free mode for investing money in mutual funds. It helps you to create wealth, by investing small sums of money at specified intervals, over a period of time instead of a heavy one-time investment.

I

A SIP is a planned approach towards investments and helps you inculcate the habit of saving and building wealth by investing an amount as low as Rs. 500 monthly. Investing at an early stage of life lets you enjoy the benefits of two powerful strategies, rupee cost averaging and the power of compounding.

P

SIP allows you to buy units on a specified date every month, so that you can implement a saving plan for yourself. The benefits of this can be enjoyed as and when the need arises for occasions like marriage, education, buying a house or a car etc. and above all, retirement.

Inculcates the discipline to save and invest regularly

Negates the risk associated with market timing

Power of Compounding

Rupee Cost Averaging

Other Benefits: Auto debit facility across major cities in India, regular account statements, redemption/dividend proceeds directly credited into the bank account



Benefits of Investing Systematically: Power of Compounding

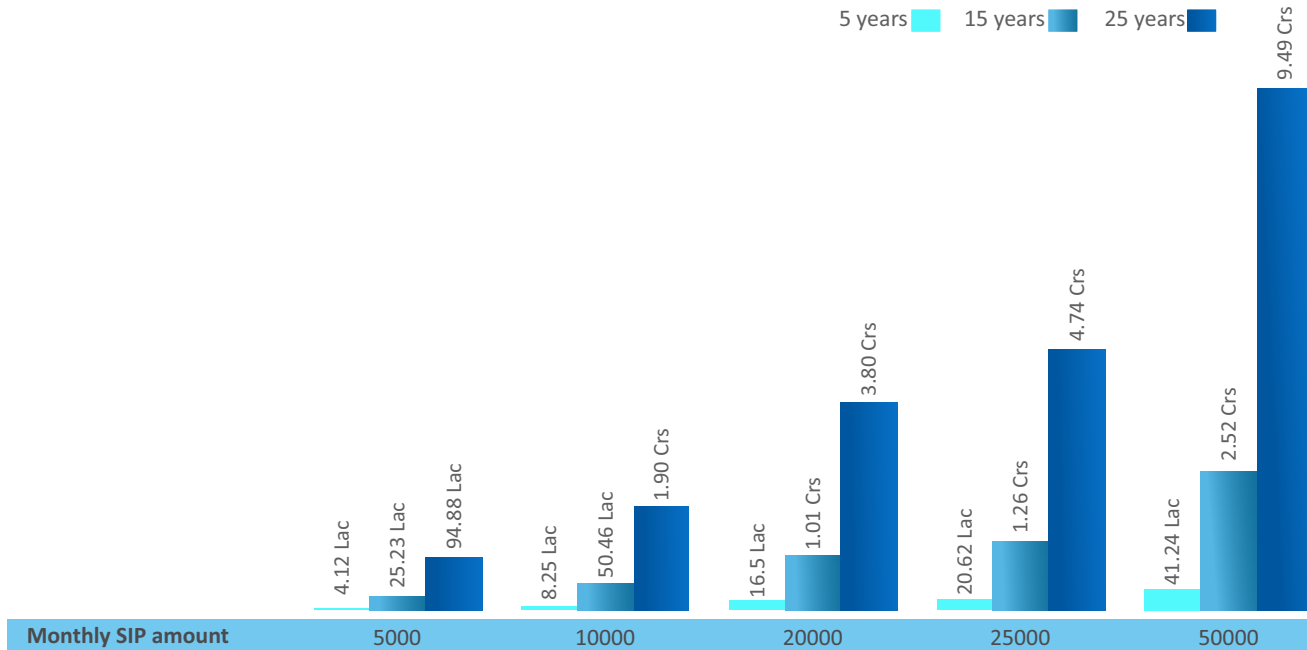
Saving a small sum of money regularly in mutual fund schemes can make your money grow with greater power and can have a significant impact on wealth accumulation. A systematic investment plan (SIP) is an effective means to beat market volatility and benefit from the enormous power of compounding over time. The compounding effect can be explained in the illustration below

Systematic Investment Plan Returns	Investment Scenario A	Investment Scenario B	Investment Scenario C
Number of years	5 Years	10 Years	15 Years
Monthly investment	₹ 5000	₹ 5000	₹ 5000
Total investment	₹ 3,00,000	₹ 6,00,000	₹ 9,00,000
Assumed annualized return	18%	18%	18%
Final corpus	₹ 4.93 Lac	₹ 16.86 Lac	₹ 46.01 Lac

The above is for illustration purpose only. The SIP amount, tenure of SIP and expected rate of return are assumed figures for the purpose of explaining the concept of advantages of SIP investments. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner.

Power of Compounding

Graph illustrating the power of compounding (Assumed rate of return: 12% p.a.)



The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. The SIP amount, tenure of SIP and expected rate of return are assumed figures for the purpose of explaining the concept of advantages of SIP investments. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner.

Benefits of Investing Systematically: Rupee Cost Averaging

Rupee cost averaging is an automatic market-timing mechanism that eliminates the need to time one's investments.

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 associated with 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

Rupee Cost Averaging

SIP - Rupee Cost Averaging					
		SIP Investor		Lump-Sum Investor	
Month	Unit Price (₹)	Investment (₹)	Units Purchased^	Investment (₹)	Unit Purchased^
1	50	1,000	20	9,000	180
2	47	1,000	21		
3	45	1,000	22		
4	44	1,000	23		
5	46	1,000	22		
6	48	1,000	21		
7	49	1,000	20		
8	50	1,000	20		
9	52	1,000	19		
Total investment			₹ 9,000		₹ 9,000
Total units purchased			188		180
Average unit price			₹ 48		50
Value after 9 months			₹ 9,799		9,360

Hence, at the end of the period total units purchased will be 188 & cost per unit will be ₹ 48/-. Thus, the profit for an SIP investor from the above investment will amount to ₹ 799/- (₹ 9,799 – ₹ 9,000)

^Fractional units ignored. The above is for illustration purpose only. The SIP amount and tenure of SIP are assumed figures for the purpose of explaining the concept of advantages of SIP investments. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner. Past performance may or may not be sustained in future.

Importance of Starting Early

The sooner one starts investing the better. Investing early allows your investments to receive more time to grow, whereby the concept of compounding (as illustrated below) increases your income, by accumulating the principal and the interest or dividend earned on it, year after year.

The three golden rules for all investors

Invest Early

Invest Regularly

Invest for Long Term

Particular	Scenario A	Scenario B
Start age	25 years	40 years
Monthly investment	₹ 10,000	₹ 10,000
Stop age	60 years	60 years
Total investment	₹ 42 lacs	₹ 24 lacs
Savings to grow to*	₹ 6.5 cr	₹ 99.9 lacs

Difference in returns of ~₹ 5.5 crores whereas difference in investment just ₹ 18 lacs

*Assuming CAGR of 12% for the entire period

Source: Internal Analysis. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on external current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Motilal Oswal Focused 25 Fund SIP Performance (As on 31-March-2020)

	1 Year			3 Year			5 Year			Since Inception		
	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*
Invested Amount	120,000			360,000			600,000			820,000		
Market Value	98,407	89,524	90,955	312,711	293,455	304,330	587,444	558,344	581,174	941,333	855,160	886,309
Returns (CAGR) %	31.6	-43.4	-41.6	-8.9	-12.8	-10.6	-0.8	-2.8	-1.3	4.0	1.2	2.2

Motilal Oswal Midcap 30 Fund SIP Performance (As on 31-March-2020)

	1 Year			3 Year			5 Year			Since Inception		
	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*
Invested Amount	120,000			360,000			600,000			730,000		
Market Value	90,388	83,486	8,9524	273,535	238,687	293,455	494,839	452,059	558,344	654,490	586,539	699,529
Returns (CAGR) %	-42.3	-51.0	-43.4	-17.1	-25.0	-12.8	-7.5	-11.1	-2.8	-3.5	-7.1	-1.4

* Also represents additional benchmark

For SIP returns, monthly investment of ₹ 10,000/- invested on the 1st day of every month has been considered. Performance is for Regular Plan Growth Option. Past performance may or may not be sustained in the future.

Motilal Oswal Multicap 35 Fund (As on 31-March-2020)

	1 Year			3 Year			5 Year			Since Inception		
	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*
Invested Amount	120,000			360,000			600,000			710,000		
Market Value	89,422	89,006	89,524	273,109	280,268	293,445	530,204	535,367	558,344	692,641	663,236	685,577
Returns (CAGR) %	-43.54	-44.1	-43.4	-17.1	-15.6	-12.8	-4.8	-4.5	-2.8	-0.8	-2.3	-1.2

Motilal Oswal Long Term Equity Fund (As on 31-March-2020)

	1 Year			3 Year			5 Year			Since Inception		
	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*	Scheme	Nifty 50 TRI	BSE Sensex TRI*
Invested Amount	120,000			360,000			600,000			620,000		
Market Value	92,181	89,006	89,524	284,077	280,268	293,403	563,966	535,367	558,292	590,041	556,066	579,088
Returns (CAGR) %	-40.0	-44.1	-43.4	-14.8	-15.6	-12.8	-2.4	-4.5	-2.8	-1.9	-4.1	-2.6

* Also represents additional benchmark

For SIP returns, monthly investment of ₹ 10,000/- invested on the 1st day of every month has been considered. Performance is for Regular Plan Growth Option. Past performance may or may not be sustained in the future.

Motilal Oswal Dynamic Fund (As on 31-March-2020)

	1 Year			3 Year			Since Inception		
	Scheme	CRISIL Hybrid 50 + 50 - Moderate TRI	Nifty 50 TRI*	Scheme	CRISIL Hybrid 50 + 50 - Moderate TRI	Nifty 50 TRI*	Scheme	CRISIL Hybrid 50 + 50 - Moderate TRI	Nifty 50 TRI*
Invested Amount	120,000			360,000			420,000		
Market Value	107,183	108,101	89,524	338,119	350,386	293,455	405,712	419,882	356,431
Returns (CAGR) %	-19.2	-17.9	-43.4	-4.0	-1.8	-12.8	-1.9	-0.02	-9.0

Motilal Oswal Equity Hybrid Fund (As on 31-March-2020)

	1 Year			Since Inception		
	Scheme	CRISIL Hybrid 35 + 65 - Aggressive Index TRI	Nifty 50 TRI*	Scheme	CRISIL Hybrid 35 + 65 - Aggressive Index TRI	Nifty 50 TRI*
Invested Amount	120,000			180,000		
Market Value	105,222	102,491	89,524	163,165	157,420	137,640
Returns (CAGR) %	-22.0	-25.9	-43.4	-11.8	-15.9	-29.8

* Also represents additional benchmark

For SIP returns, monthly investment of ₹ 10,000/- invested on the 1st day of every month has been considered. Performance is for Regular Plan Growth Option. Past performance may or may not be sustained in the future.

How to start an SIP?

SIP – Physical Form

Fill the Common application and Auto-debit form. Choose from weekly/fortnightly/monthly/quarterly/annual frequency

Minimum investments of ₹ 500/- for weekly/fortnightly/monthly (minimum 12 installments)

Minimum investments of ₹1500/- for Quarterly (minimum 4 installments)
Minimum investments of ₹ 6000/- for annual (minimum 1 installment)

For physical form 1st installment in the form of a cheque, auto-debit thereafter for online facility, scanned copy of cancelled cheque with name, auto- debit thereafter

SIP – BSE STAR MF System

Investor selects scheme in which he/she wishes to invest via SIP along with the frequency, amount, tenure etc

Investor instructs his/her broker for SIP registration mentioning the necessary details

Broker registers the investor for SIP on BSE STAR MF system

SIP commences as per the date mentioned

SIP – Under Whatsapp

This facility enables existing investors to transact through the WhatsApp application to execute purchase transactions of SIP in a simplified manner.

Name of the scheme	This product is suitable for investors who are seeking*	
<p>Motilal Oswal Focused 25 Fund (MOF25): An open ended equity scheme investing in maximum 25 stocks intending to focus on Large Cap stocks</p>	<ul style="list-style-type: none"> • Return by investing in upto 25 companies with long term sustainable competitive advantage and growth potential • Investment in Equity and equity related instruments subject to overall limit of 25 companies 	<div data-bbox="1155 479 1525 732"> <p>Riskometer</p> <p>Low Moderately Low Moderate Moderately High High</p> </div> <p data-bbox="1171 751 1509 785">Investors understand that their principal will be at Moderately High risk</p>
<p>Motilal Oswal Midcap 30 Fund (MOF30): Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks</p>	<ul style="list-style-type: none"> • Long-term capital growth • Investment in equity and equity related instruments in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth 	
<p>Motilal Oswal Multicap 35 Fund (MOF35): Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks</p>	<ul style="list-style-type: none"> • Long-term capital growth • Investment in a maximum of 35 equity and equity related instruments across sectors and market-capitalization levels 	
<p>Motilal Oswal Long Term Equity Fund (MOFLTE): An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit</p>	<ul style="list-style-type: none"> • Long-term capital growth • Investment predominantly in equity and equity related instruments; 	
<p>Motilal Oswal Dynamic Fund (MOFDYNAMIC): An open ended dynamic asset allocation fund</p>	<ul style="list-style-type: none"> • Long term capital appreciation • investment in equity, derivatives and debt instruments 	
<p>Motilal Oswal Equity Hybrid Fund (MOFEH): An open ended hybrid scheme investing predominantly in equity and equity related instruments</p>	<ul style="list-style-type: none"> • Long-term capital appreciation by generating equity linked returns • Investment predominantly in equity and equity related instruments; 	

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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