

All You Need To Know About SIPs

What Shapes Your SIP Returns?



Is It Just The Market's Long-term Return, Or The Ride Along The Way?

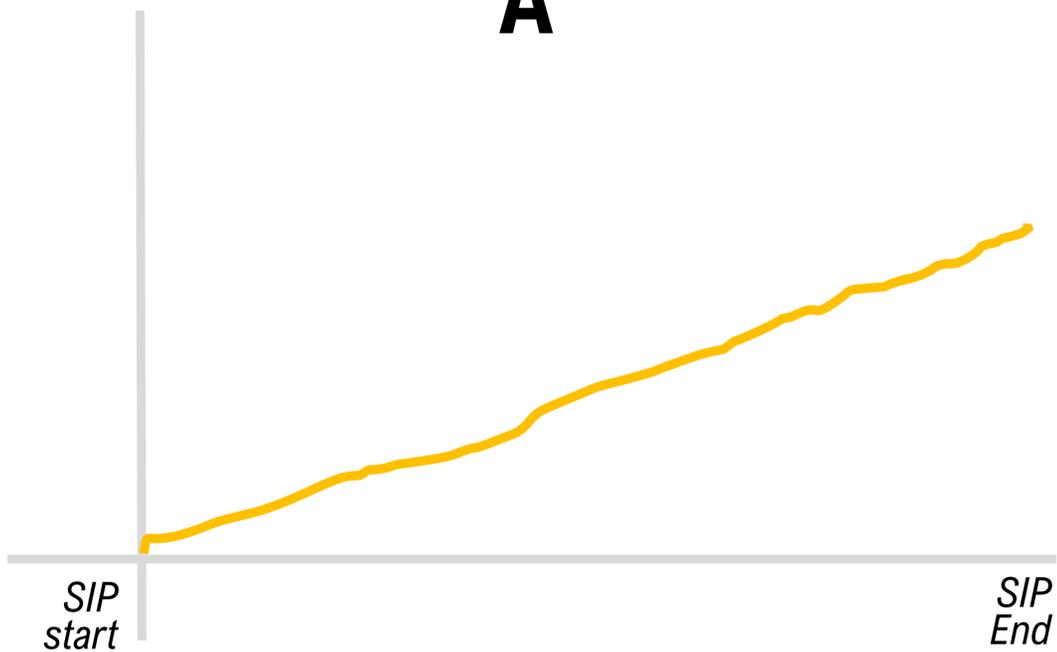
Impact On SIP Returns		Market's Long-term Returns		
		Bull	Flat	Bear
Intermittent Market Journey (Period of Drawdowns/ Negative returns)	High			
	Low			

 Best Phase for SIP Investors = Long term Bull Market + Extended Periods of Drawdown / Negative Returns

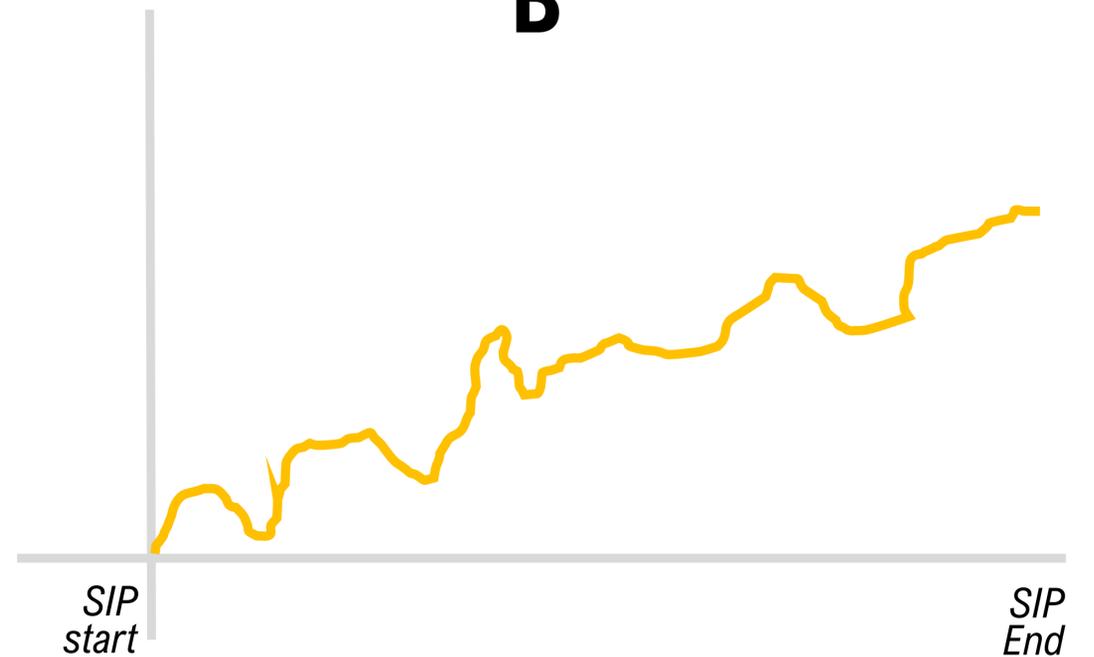
A Little SIP Riddle!

Assume the end-market returns are the same.
Which market journey would provide the best SIP returns?

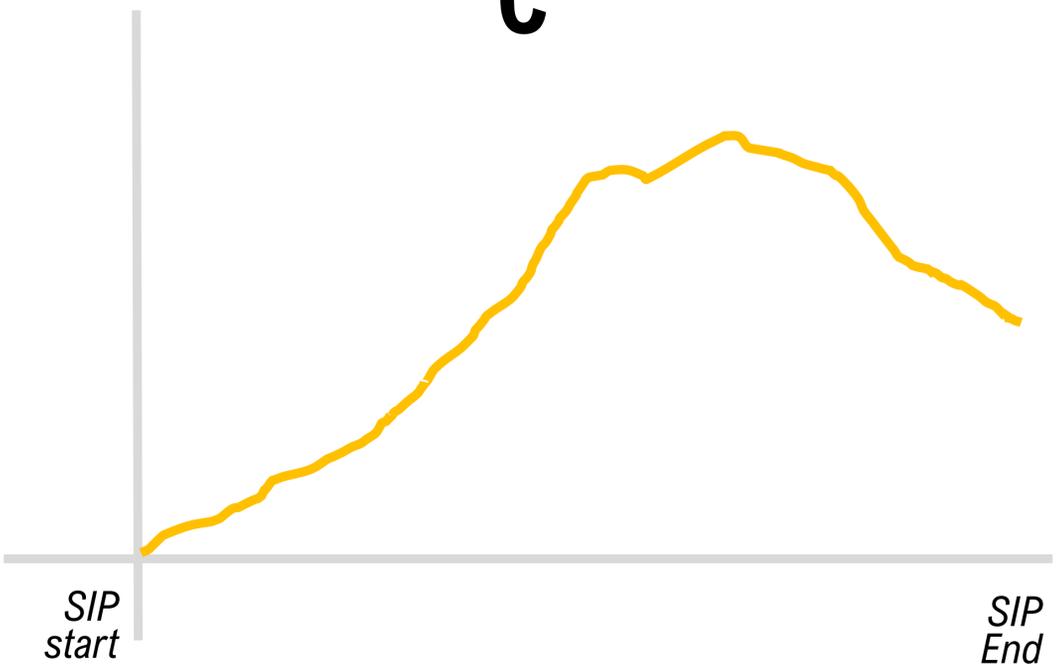
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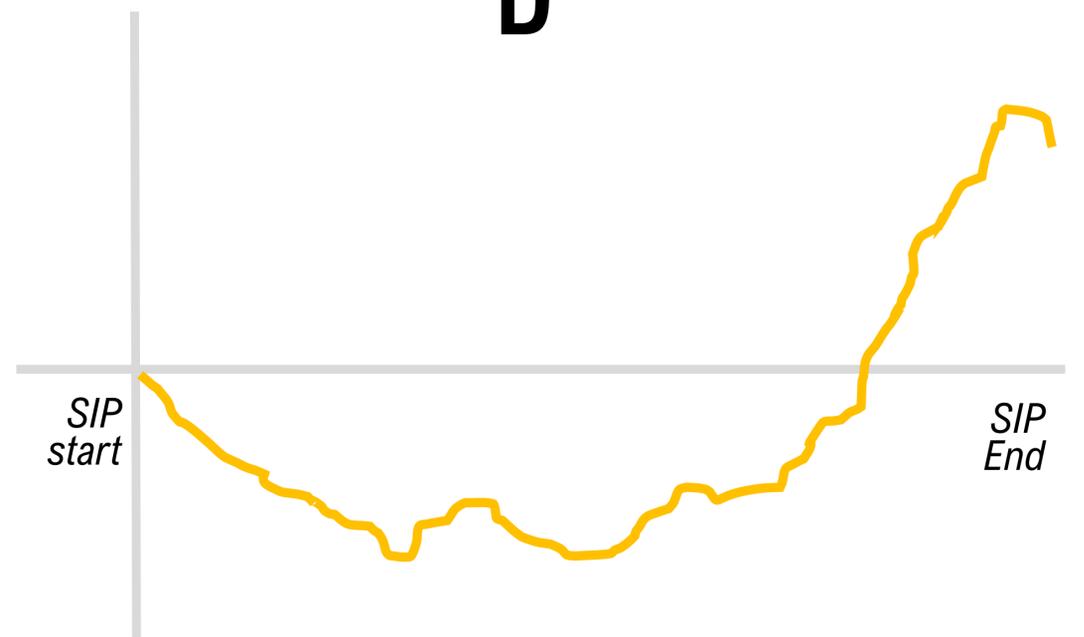
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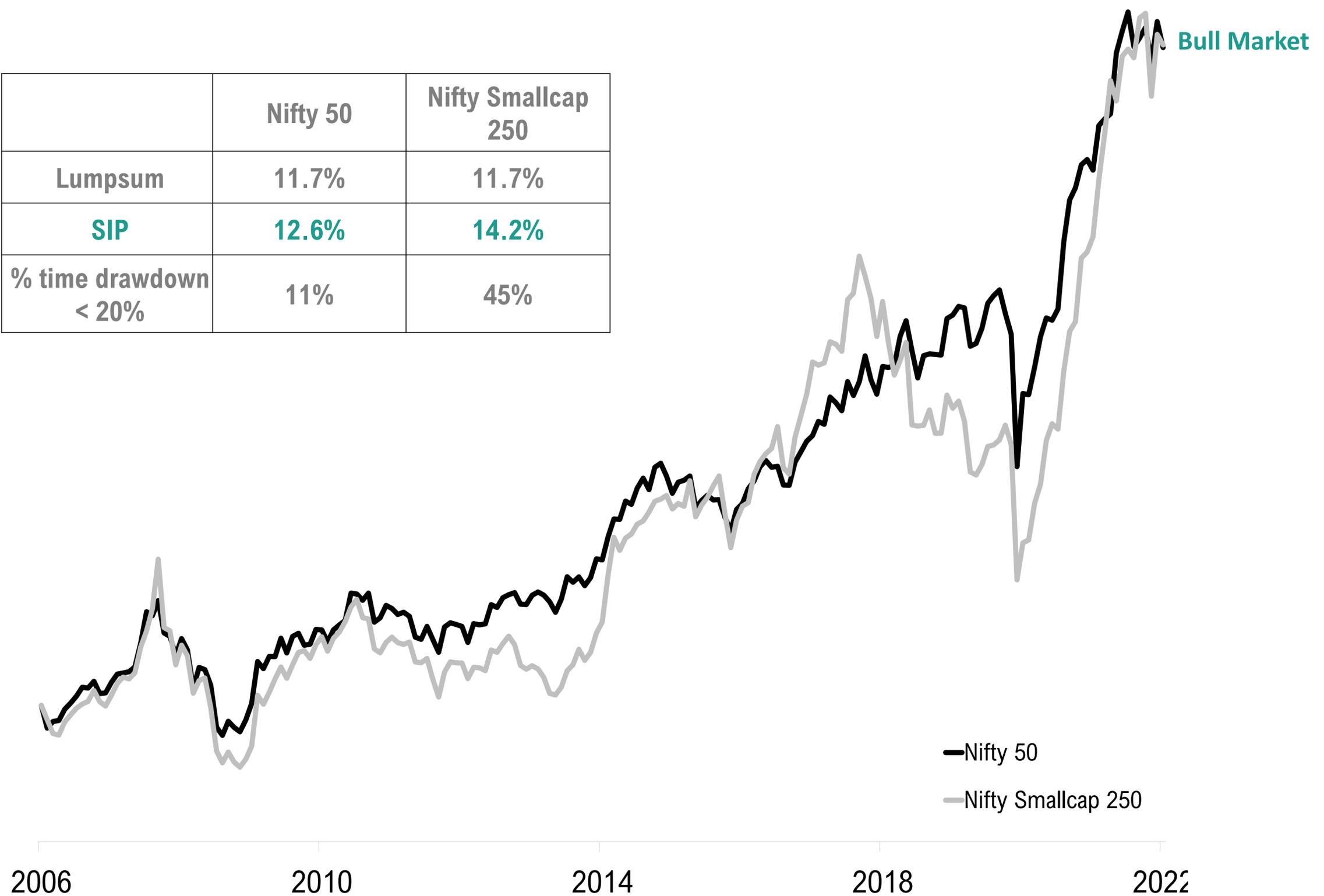
Before we get to the answer

Let's walk you through some important insights, with real-life examples

How both the market journey and the market returns matter for SIP performance.

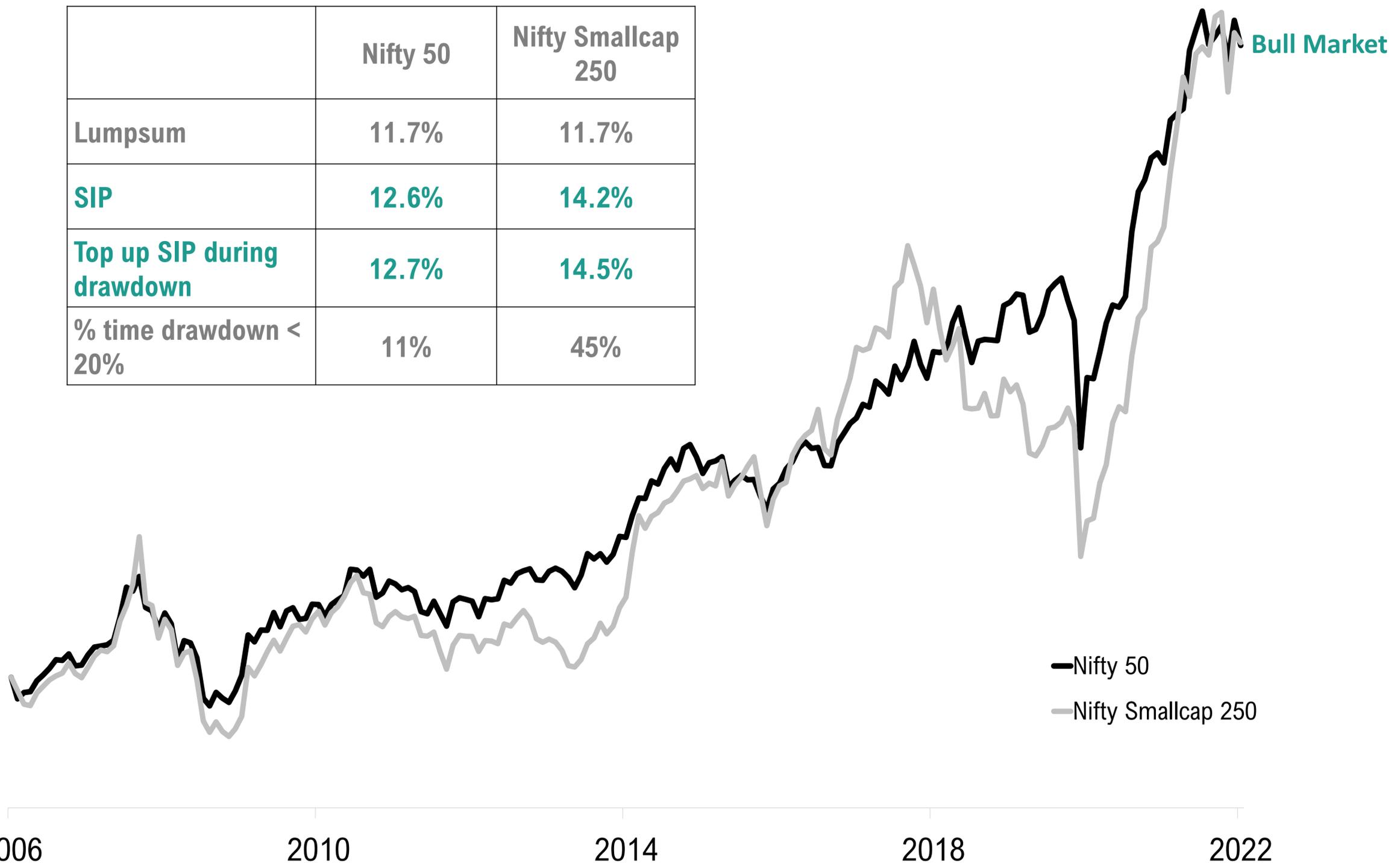
In a long-term bull market,
longer intermittent periods of negative returns can deliver **higher SIP returns**.

	Nifty 50	Nifty Smallcap 250
Lumpsum	11.7%	11.7%
SIP	12.6%	14.2%
% time drawdown < 20%	11%	45%



During intermittent periods of negative returns, **topping up your SIP** can further improve your returns

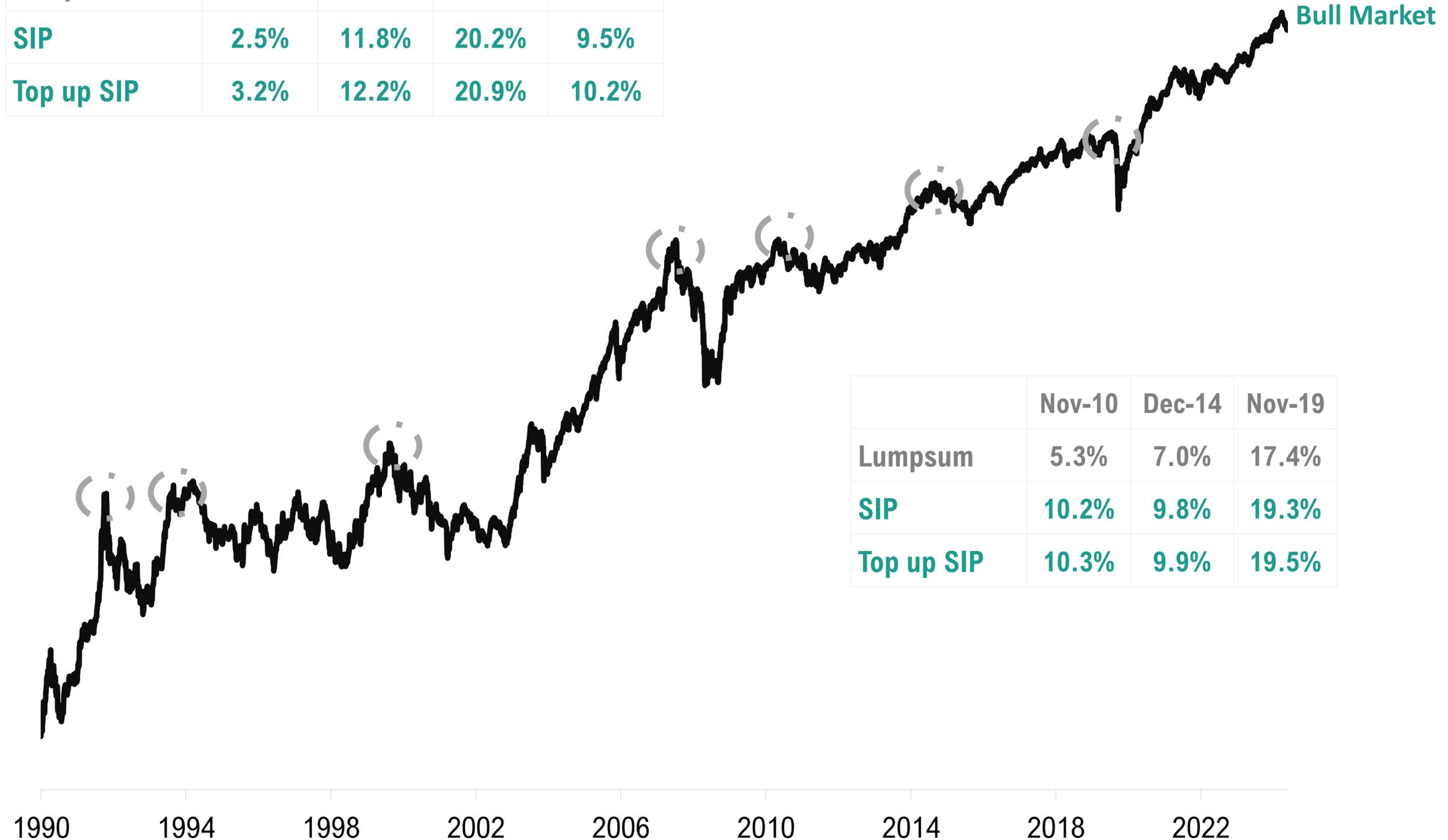
	Nifty 50	Nifty Smallcap 250
Lumpsum	11.7%	11.7%
SIP	12.6%	14.2%
Top up SIP during drawdown	12.7%	14.5%
% time drawdown < 20%	11%	45%



An SIP started at a market peak can still outperform a lump sum
 Adding a **top-up** can further enhance returns.

Nifty 50 vs Forward 5 year returns

	May-92	Sep-94	Feb-00	Jan-08
Lumpsum	-4.0%	0.2%	5.4%	-0.6%
SIP	2.5%	11.8%	20.2%	9.5%
Top up SIP	3.2%	12.2%	20.9%	10.2%



	Nov-10	Dec-14	Nov-19
Lumpsum	5.3%	7.0%	17.4%
SIP	10.2%	9.8%	19.3%
Top up SIP	10.3%	9.9%	19.5%

Invested at the 2008 peak and exited at the Covid bottom

The SIP still delivered

Nifty 50

If held units for 1 more year

Lumpsum	6.7%
SIP	11.5%
Top up SIP	11.6%

Flat Market

Lumpsum	0.1%
SIP	2.8%
Top up SIP	3.3%

2008

2012

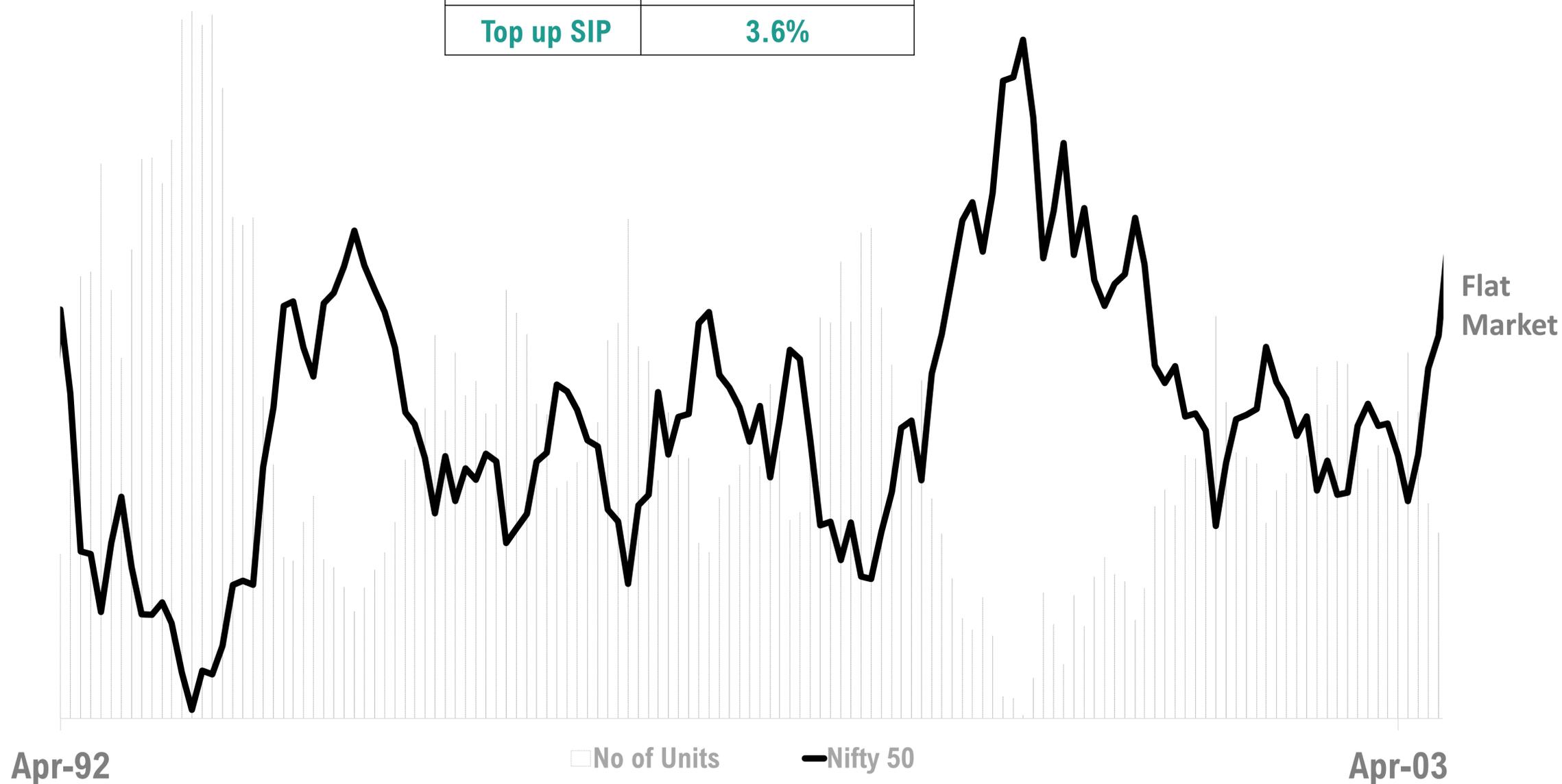
2016

2020

Long periods of drawdowns mean more units.
More units mean positive SIP returns,
 even in a flat market

Nifty 50 (Apr 1992 to Apr 2003)

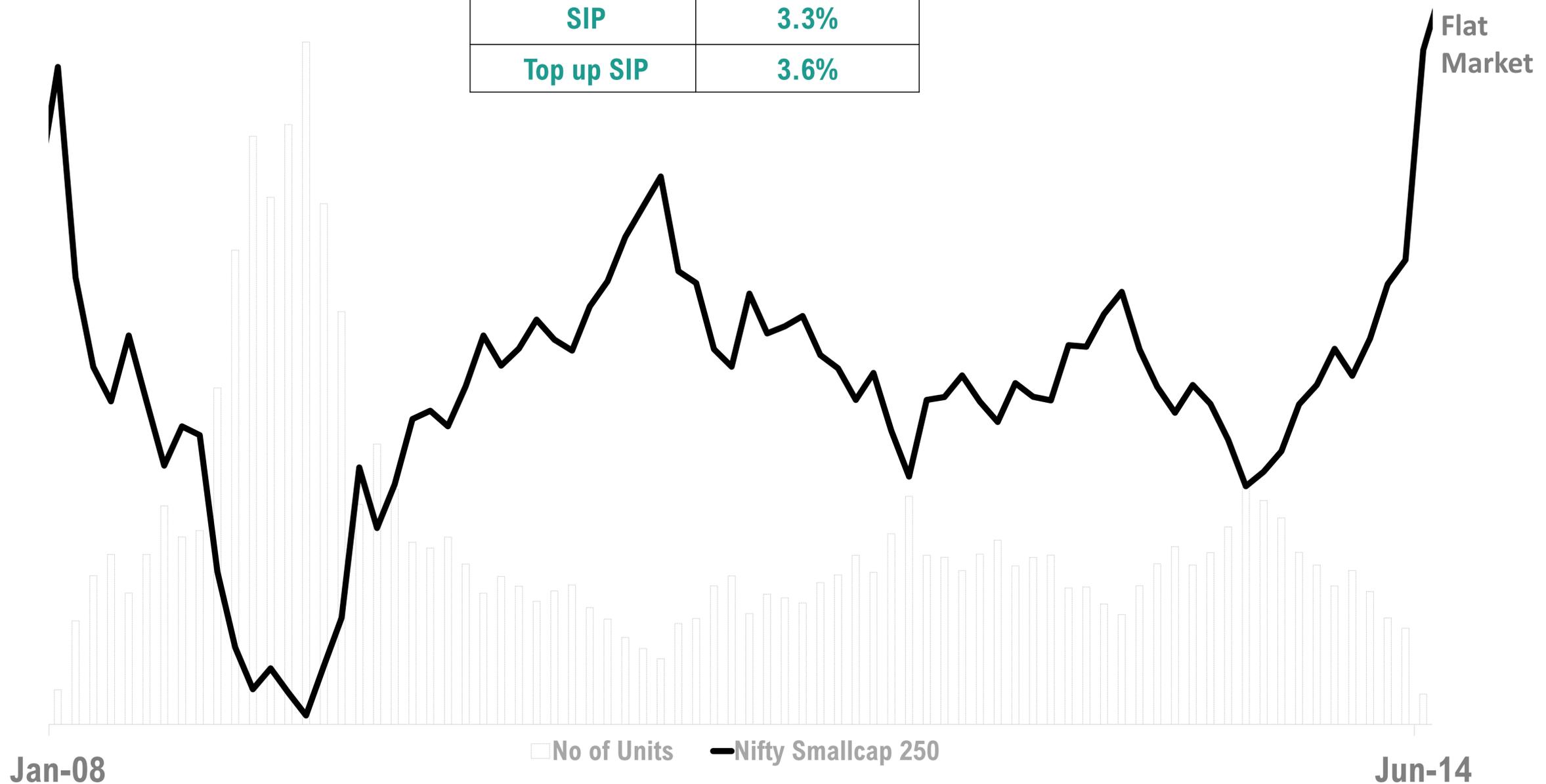
Lumpsum	0.1%
SIP	3.3%
Top up SIP	3.6%



A longer period of drawdowns can benefit an SIP, provided there's a subsequent recovery.

Nifty Smallcap 250 (Jan 2008 to Jun 2014)

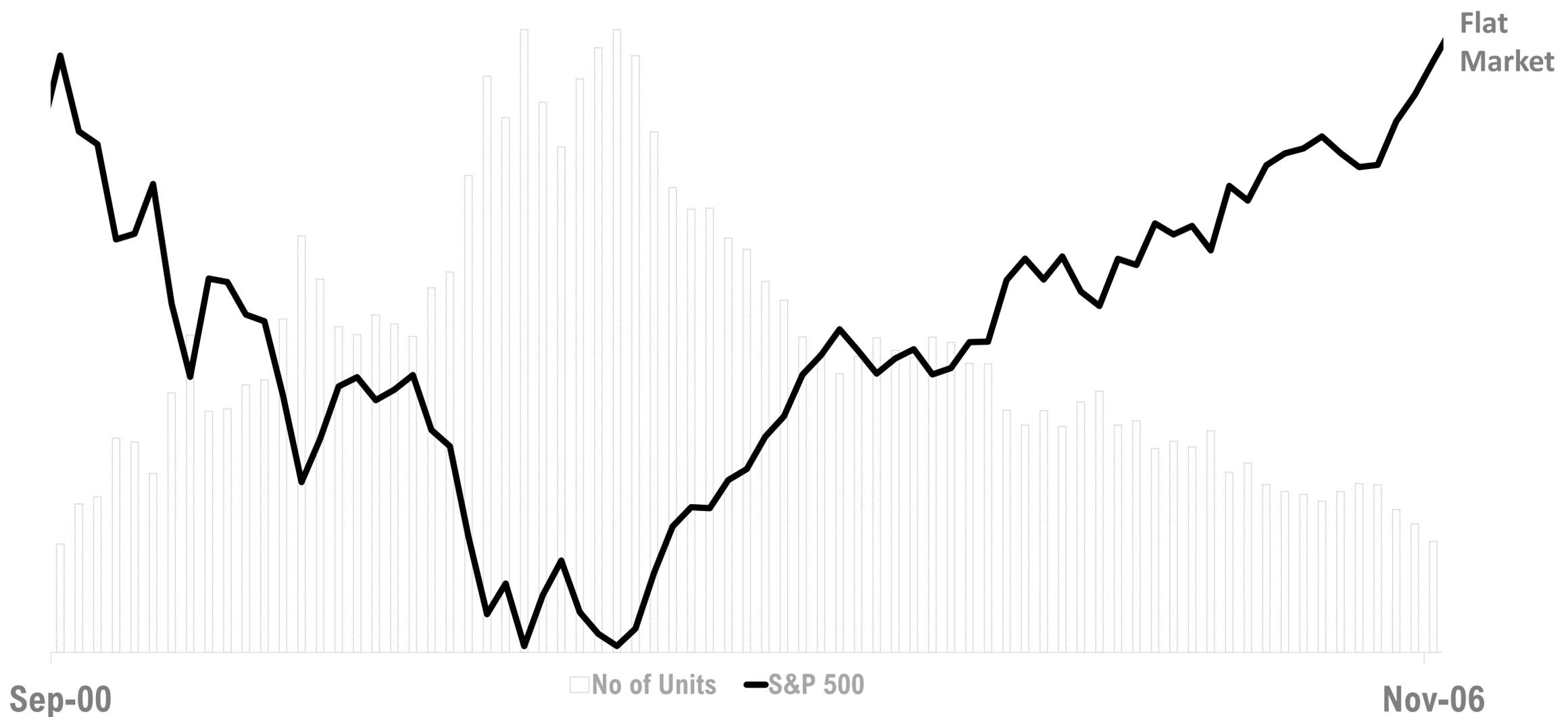
Lumpsum	0.1%
SIP	3.3%
Top up SIP	3.6%



A longer period of drawdowns can benefit an SIP, provided there's a subsequent recovery.

S&P 500 (Sep 2000 to Nov 2006)

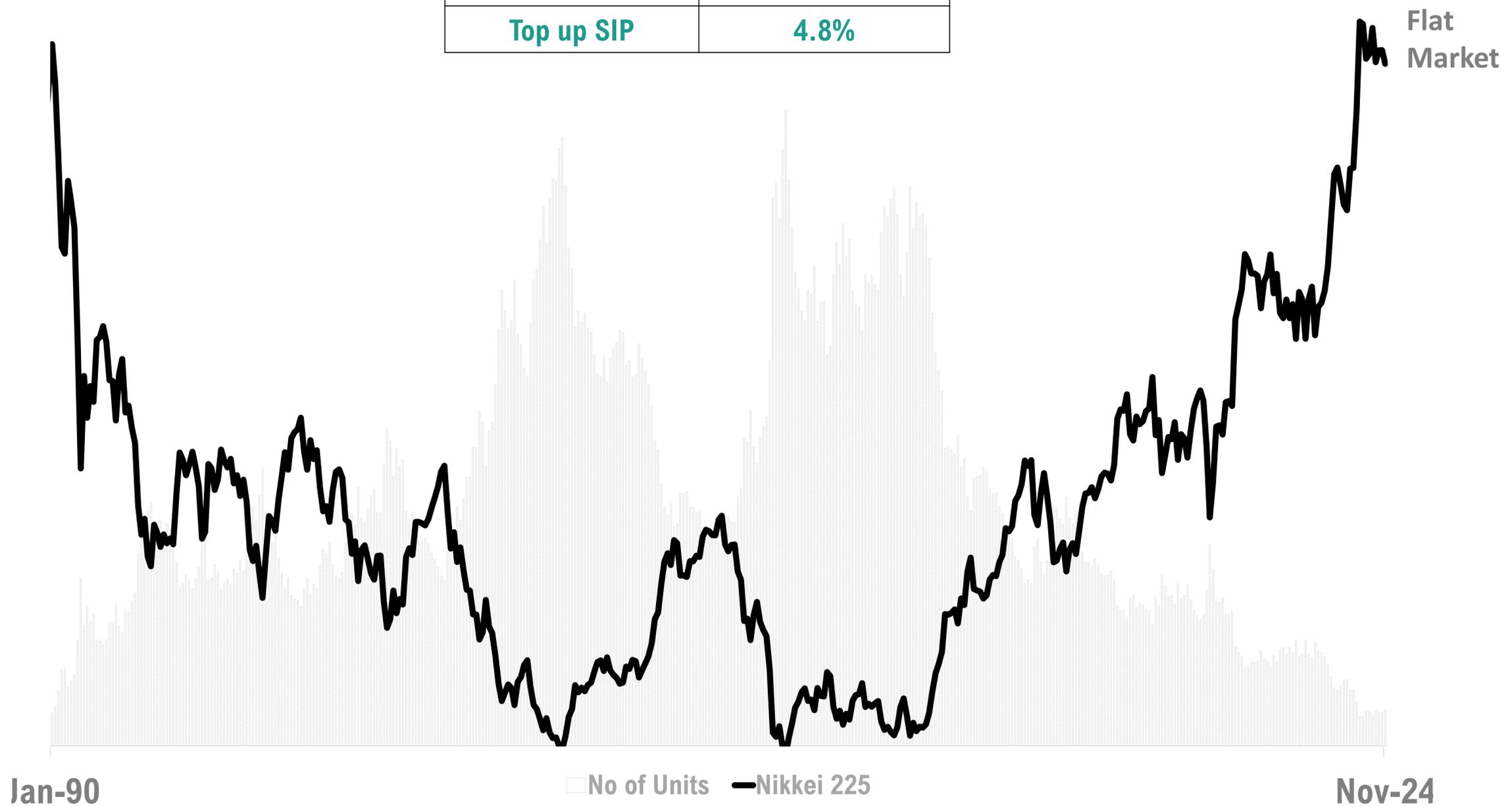
Lumpsum	0.1%
SIP	3.3%
Top up SIP	3.6%



A longer period of drawdowns can benefit an SIP, provided there's a subsequent recovery.

Nikkei 225 (Jan 1990 to Nov 2024)

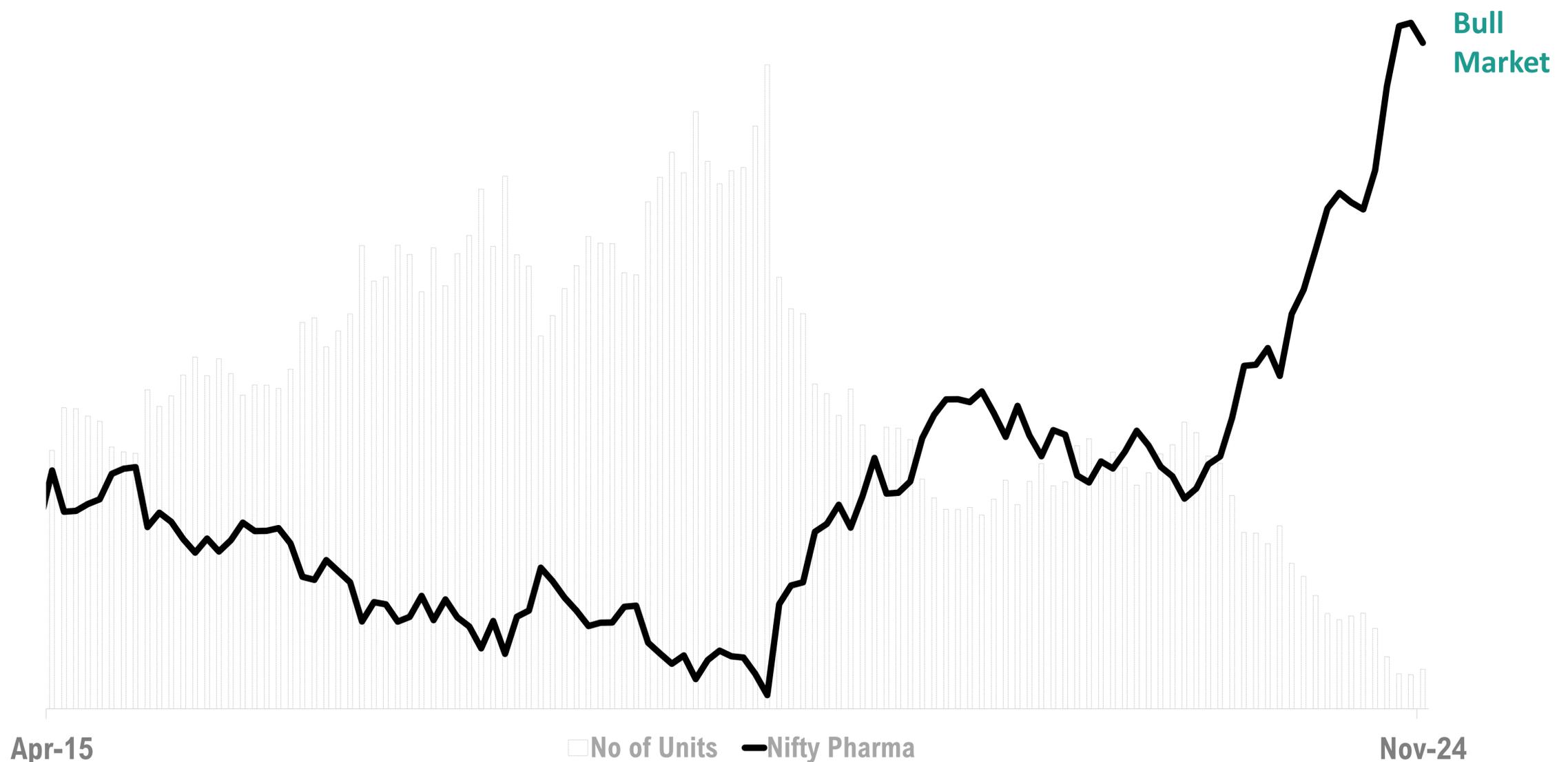
Lumpsum	-0.1%
SIP	4.6%
Top up SIP	4.8%



A long period of drawdowns followed by a sharp recovery can be a dream journey for SIP investors.

Nifty Pharma Index (Apr 2015 to Nov 2024)

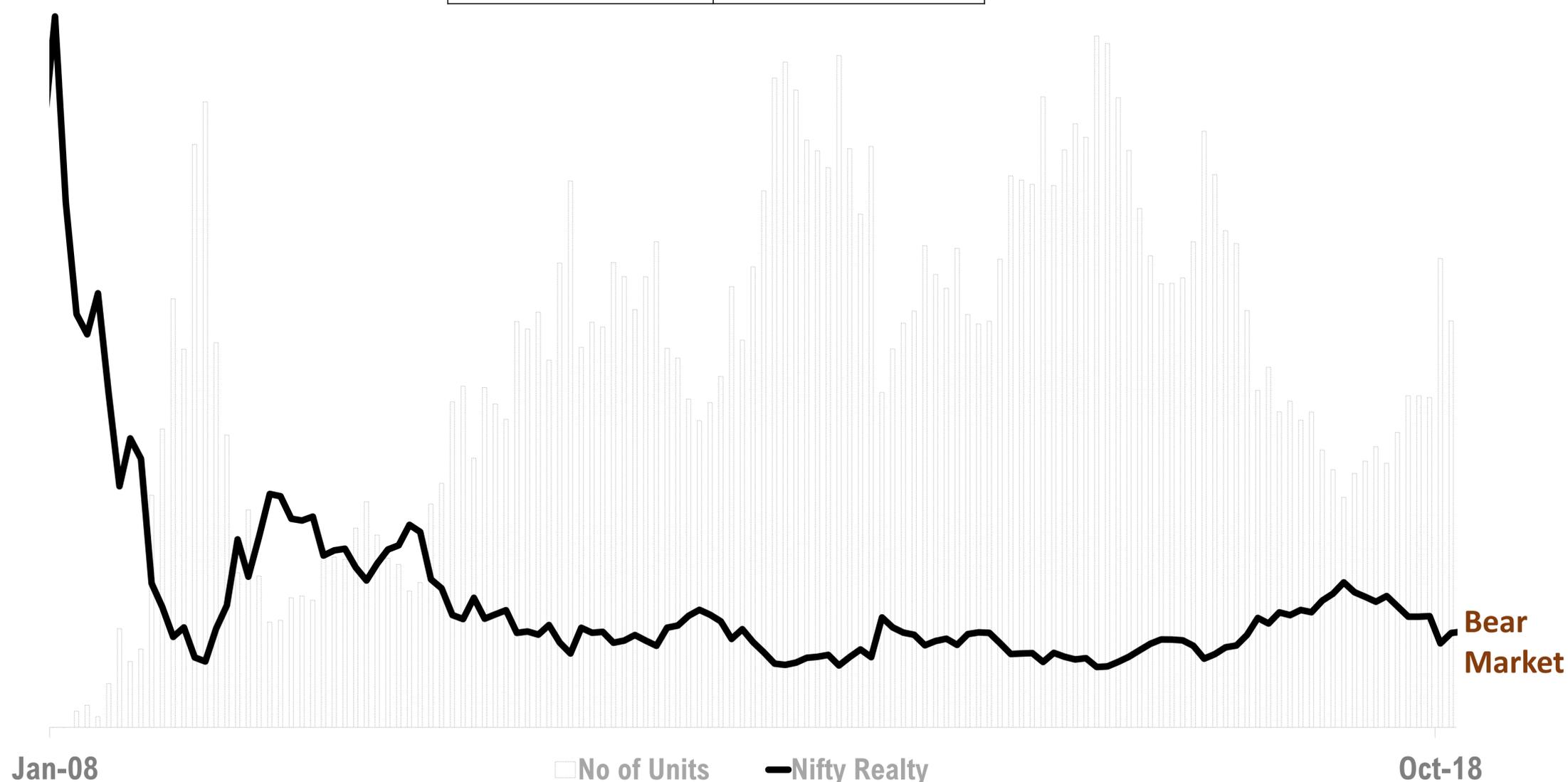
Lumpsum	6.6%
SIP	14.9%
Top up SIP	15.1%



Neither a lump sum nor an SIP may work in a bear market with no recovery, but an **SIP** can still reduce the cost of holding.

Nifty Realty (Jan 2008 to Oct 2018)

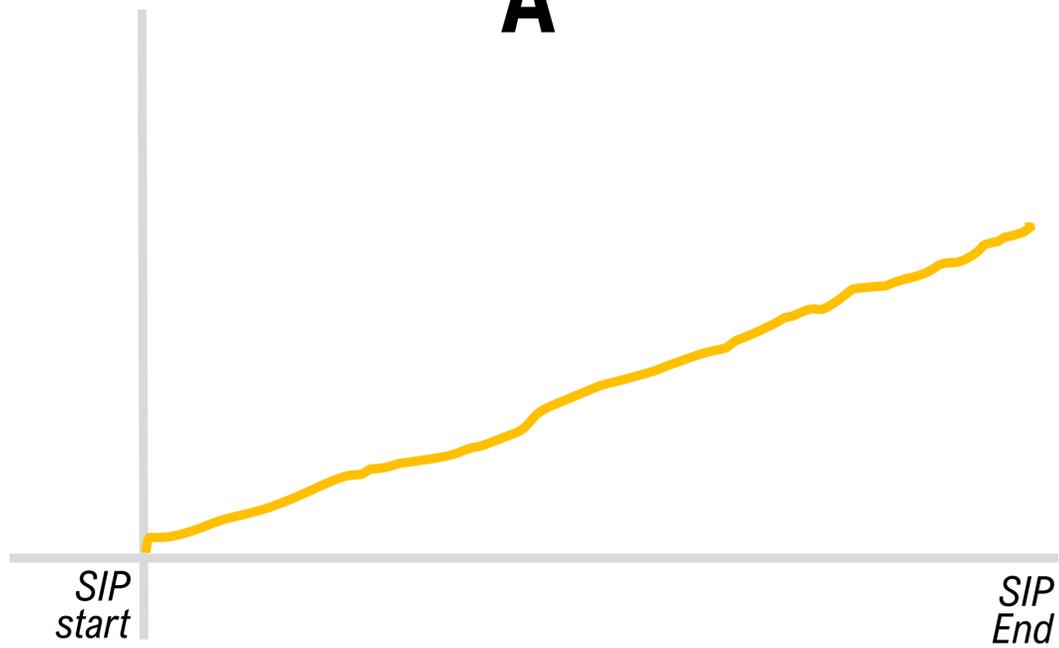
Lumpsum	-18.0%
SIP	-3.7%
Top up SIP	-3.4%



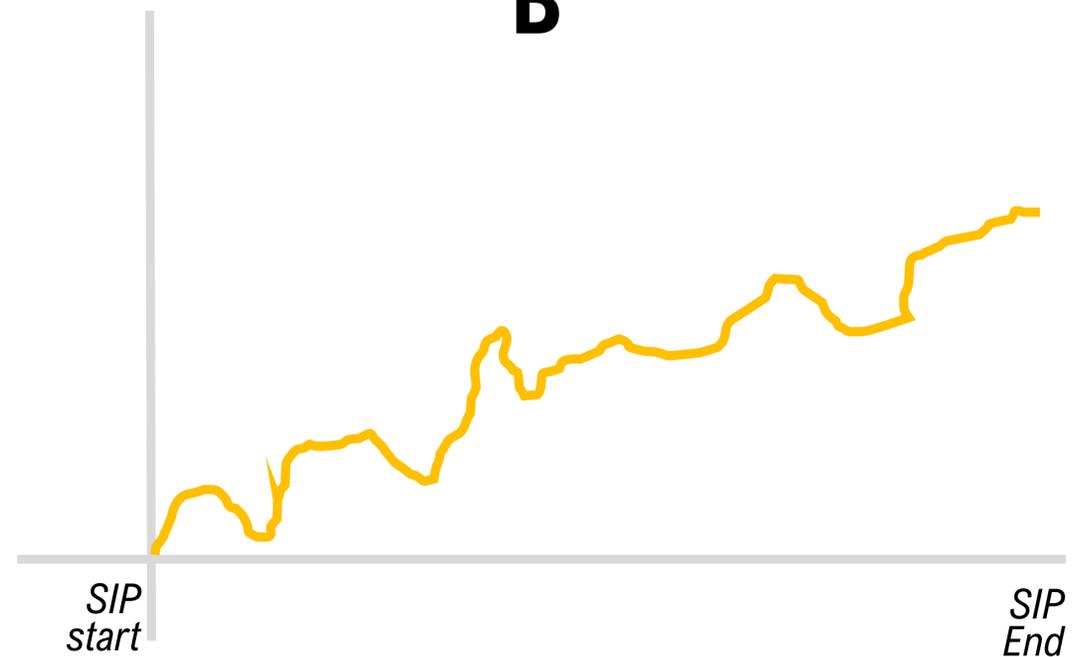
So, back to the SIP Riddle

Option D would have given the best SIP returns, followed by Option B.

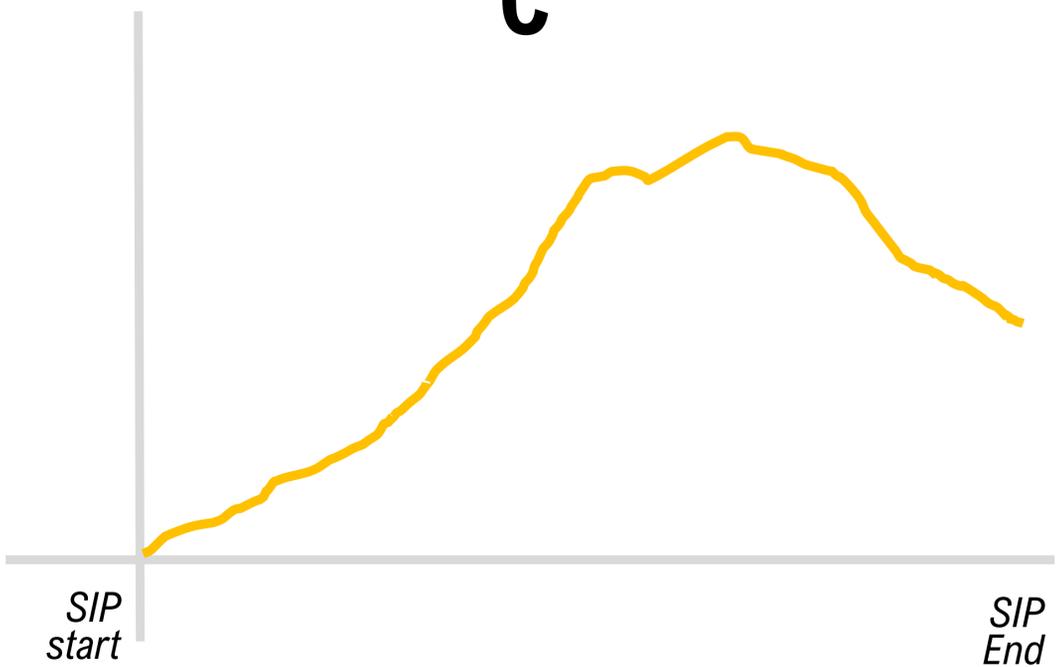
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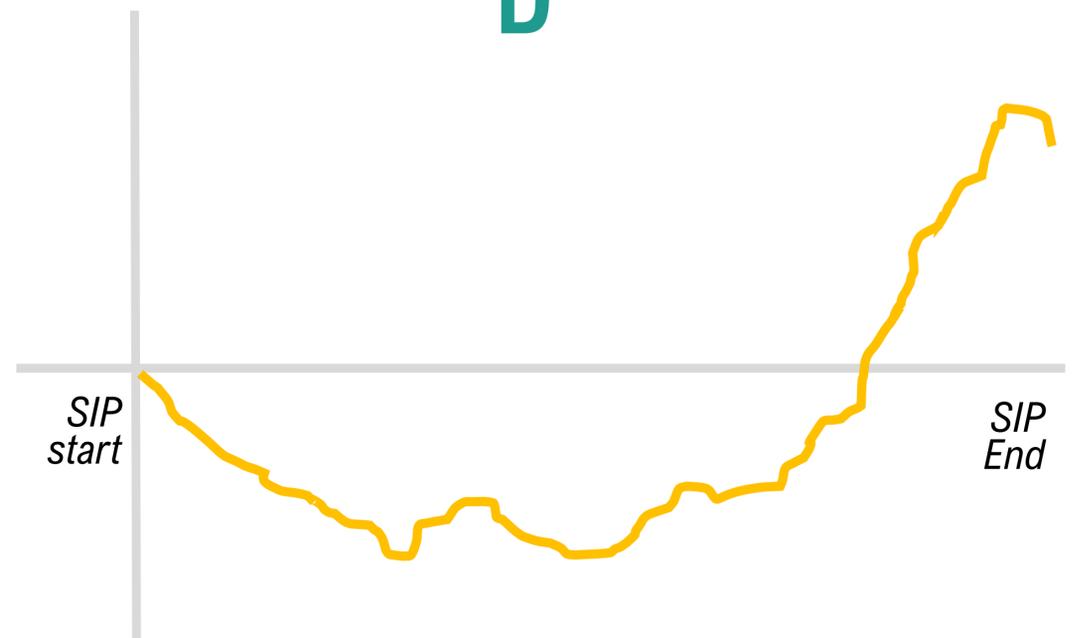
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Why Is It So?

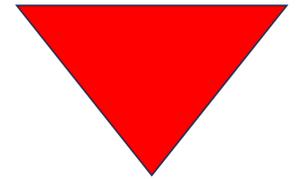
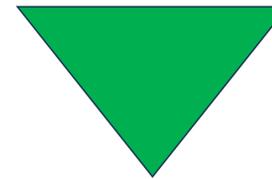
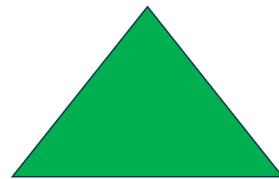
*Because **falling markets help investors acquire more units and reduce the average cost of acquisition.***

Units acquired

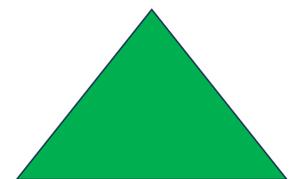
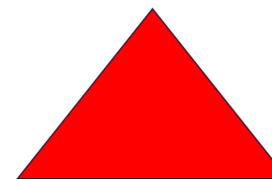
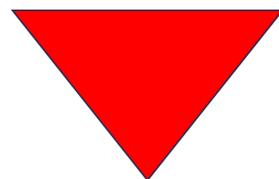
Cost of acquisition

Portfolio Value

Falling Markets



Rising Markets



What Should An Investor Do With Their SIP?

- ✓ ***Continue SIP***
regardless of market movements if the long-term outlook is bullish
- ✓ ***Top Up SIP***
whenever markets are down
- ✓ ***Start an SIP if you haven't already –***
every time is a good time if the long-term outlook is bullish

**Start Your SIP With
DSP Equity Funds, Now.**

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