

CEO's VIEW



KAILASH KULKARNI

CEO, L&T Mutual Fund

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Systematic Investment Plans (SIPs) have been a popular method of investing into the equity markets for years and promoted across the industry. The May 2022 data on SIPs show that we have around 5.48 Crores accounts (which is an indicator of the number of retail investors) and around Rs. 12,000 Crs collected vide the SIP route in May. These figures are significant and hence I am also giving you the table below which shows the year-on-year increase in the SIP contribution which has clearly shown a growth trend.

Period	SIP Contribution ₹ crore						
	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Total during FY	24,149 (Q1)	1,24,566	96,080	1,00,084	92,693	67,190	43,921

(Source: www.amfi.com)

What does growing number of SIP accounts and contributions mean?

1. A **steady increase in the number of investors** investing into mutual funds through the SIP route.
2. **Growing confidence and trust** of retail investors in the mutual fund industry because of past returns.
3. Retail investors **understanding rupee cost averaging** and hence choosing the SIP route for their long-term investments. They have now multiple data points in history to refer to understand the long-term returns given by SIPs of funds which have helped many to **create wealth**.

What is an SIP? (For beginners or the uninitiated)

Systematic Investment Plan (SIP) is a way of investing in mutual funds through which an investor can invest a fixed amount in a mutual fund scheme of his/her choice at regular intervals.

Like a Recurring Deposit, an investor can invest a fixed amount at regular intervals (monthly or quarterly) through SIP. Rather than investing a large amount one-time through lump sum mode, more investors now prefer to invest smaller amounts regularly through the SIP mode.

SIP to achieve your goals or wealth creation:

The moment you are clear about your financial goal – the long-term ones like child's education, retirement or medium-term goals like a vacation or a lifestyle product, you automatically start thinking about how much money can save/have to achieve these goals. SIP not only encourages the discipline of regular savings but also uses the power of compounding as a tool to enable creation of potential wealth over a longer time horizon.

SIP leading to better saving habits:

When one starts investing into an SIP, it inculcates healthy savings habit into the investor and as most of the times it is based on a long-term financial goal, it automatically also helps in lowering unnecessary expenditure, especially in young investors.

Easy to operate:

As the mutual fund industry has evolved through the years, the ease of transaction, investing, redeeming, switching, etc have all become more friendly across players in the industry. Moreover, there are many calculators / SIP planner which enable the investor in understanding the investment outlay (on a monthly basis)

All in all, it's a wonderful and proven way of getting into the equity markets. So if you have still not started, it's time to start now. Start your first SIP!

Happy investing!

Source: AMFI

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