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HOW DO SIPS HELP IN ACHIEVING INVESTMENT GOALS WITHOUT TIMING THE MARKET ?

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The beauty of SIPs lies in their ability to allow investors to not time the market. They offer benefits such as rupee cost averaging, compounding, and hassle-free investing. Starting early, mapping SIPs to financial goals, and never skipping an SIP are key strategies for maximizing returns.

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SIP in Mutual funds



In the Indian stock markets, there is a popular adage that investing is related to **timing the market**. This is the reason why a myriad of investors seek to perfect the timing in a bid to maximise their returns in unpredictable market cycles.

Moreover, investors also believe that the same strategy applies to **systematic investment plans (SIPs)**. Therefore, the elusive goal here remains to consistently predict the top or bottom of the market precisely, making this endeavour challenging for investors.

The SIPs, however, are all about disciplined investing, where an investor chooses an amount, frequency, or time period and consistently invests in their choice of **mutual funds**. Therefore, engaging in SIPs eliminates the requirement of timing the markets accurately. Let us delve deeper into this aspect.

SIPs and timing the market

The beauty of SIP lies in its ability to allow an investor to not “time” the market. An investor can achieve several benefits from this systematic investment in the long term, regardless of the short-term fluctuations. In fact, SIPs work best in the volatile market due to benefits such as rupee cost averaging, **compounding**, and hassle-free investments.

Rupee cost averaging

The term **rupee cost averaging** means that with an unchanging amount of investment on a regular basis, one can average the cost of their purchase. SIPs usually allocate a fixed amount to a scheme, and the investor receives units against the net asset value (NAV). When the

markets are high, one buys fewer units of the mutual funds via SIP. On the other hand, when the markets are down, an investor purchases more units for the same amount. Therefore, this enables one to average their costs during market volatility, and the overall cost of acquisition is reduced.

Compounding

SIPs tend to be highly beneficial when they are carried forward over a long period of time. This is due to the fact that the SIP investments also harness the power of compounding. Even a small amount of the investments can amass a sizable corpus after a few years of time.

Moreover, in a bid to get better returns, an individual can also opt for step-up SIP. It allows an investor to increase their investment amount annually. The increment can vary between 5 and 10%.

Hassle-free investments

Apart from the benefits that an investor can derive from rupee cost averaging and compounding, SIPs make great investment options for beginners who seek to enter the markets. SIPs are hassle-free investments, as setting them up is an easy process. Moreover, by investing in an SIP, an individual learns patience and discipline about time-bound investments.

Additionally, as the investments are directly linked to one’s bank account, they are not required to be initiated manually. By virtue of being automatic, SIPs can be set up to make for convenient long-term investments.

Make the most of your SIP

Start early: Ideally, one must start investing as soon as they start earning. This provides a mutual fund SIP with ample time to benefit from the power of compounding. With a longer time horizon, an investor increases the probability of earning higher returns.

Map SIPs to financial goals: One must always do conscious investing and map the SIP to an investment goal. When an SIP is mapped to a specific financial goal, the chances are less that a person will redeem it until that goal is reached, making them a disciplined investor.

Never skip an SIP: Many investors try to preempt the small market moves and try to adjust their plans accordingly. They either pause, redeem, or start their SIPs abruptly, which is likely to hamper the outcomes. Therefore, one must never try to time the market and their SIPs.

All things considered

Trying to time the market with SIP usually defeats the core purpose of systematic investments. SIPs have a dispassionate nature, which usually saves an investor from the trap of greed and fear. SIPs furthermore eliminate the guesswork and make an investor disciplined and consistent.

One can bear several benefits from these systematic investments, including rupee cost averaging, compounding, and hassle-free investments. Moreover, in a bid to procure the maximum benefits, one must start early, map SIPs to financial goals, and never skip an SIP due to small market adjustments.

Source <https://www.livemint.com/money/>

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISK. PLEASE READ THE OFFER DOCUMENT BEFORE INVESTING.



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BENEFITS & FEATURES OF PERSONAL ACCIDENT INSURANCE

An accident can occur at any time without any warning, and sometimes it can cause serious harm. Any such untoward incident can have a significant impact on your finances; not only can the treatment be expensive, but if you suffer from any form of disability, it can affect your earning potential. To protect yourself and your family from such a situation, it is paramount that you purchase a personal accident insurance policy.

Personal accident insurance is useful to get the financial assistance to you and your family in the event of an accident that leads to death, bodily injuries, temporary total disability, permanent total disability and permanent partial disability. In the event of death, the insurance company will pay 100% compensation (equal to the sum assured) to the appointed nominee. Also, the insurance companies offer compensation for an accident disability such as loss of speech, limbs and eyes.

Before, we look at the different aspects of accident insurance; let us look at some alarming statistics related to it.

- In India, reports suggest that more than 1200 accidents occur every day.
- As per the Ministry of Road Transport and Highways, in 2017 alone, more than 4.64 lakh accidents were reported and nearly 1.47 lakh people died due to road accidents.
- In 2018, as per the reports, there was a rise of 1.68% in the number of accidents reported.

Types of Personal Accident Insurance

The personal accident insurance can be broadly classified into two categories – Group Accident Insurance and Individual Accident Insurance.

• Group Personal Accident Insurance

Typically, the business owners and employers buy group personal accident insurance to cover their employees. Depending on the size of the organisation, and the number of employees, the insurance companies offer a discount on the premium. A group personal accident policy is an excellent incentive for the employees as it assures them financial safety in the event of any mishap at the workplace.

• Individual Personal Accident Insurance

As the name suggests, it is taken by an individual and it guards the policyholders against the accidental damages. It usually covers accidental death, loss of body parts and other disabilities resulting from an accident.

Importance of Personal Accident Insurance

A lot of people ignore buying accident insurance, mainly because they don't understand the importance of the cover. But, you must think



about the safety and security of your family and how can they sustain themselves financially if something untoward happens to you. If you get involved in an accident that leads to death or disability, it would have an impact on your income. If you have any liability like home loan, it would be difficult for the family members to meet the expenses. Besides, you must also take care of the treatment cost. To avoid putting your family in such a financially distressed situation, you must invest in the best accident insurance.

Personal Accident insurance has many benefits, which are:

Peace of mind and family security

In the event of an accident that causes death or renders you disabled, it would have a significant impact on your earning potential. An accident cover will give your family financial protection in the form of accidental compensation and ensure their financial security. The insurance companies pay 100% compensation in the event of death. The family members can use the amount to pay off the liabilities (if any) and maintain the usual lifestyle. Also, it gives you the peace of mind knowing that your family will be financially secured even in your absence.

Minimal documentation

One of the significant reasons why a lot of people avoid buying insurance is that they believe the process is complicated, and it involves a lot of paper works. However, the truth is that when you purchase a personal accident insurance policy, you need not stress about the documentation. You must provide basic details in the application form, and the insurance company will issue the policy.

No medical tests required

This is another significant benefit of an accident insurance policy. Unlike the health insurance policy, where the insurance company requires you to undergo medical tests before issuing the policy, you need not take any tests.

Worldwide coverage

Most types of insurance covers have a geographical limitation, which means they do not offer compensation for any casualty that occurs outside India. But, with personal accident policy, there is no such limitation. You can be assured of getting the benefit irrespective of the location of the accident; you get worldwide coverage.

Easy Claim Process

One of the critical things that most insurance buyers look for while buying personal accident insurance is an easy claim process. No matter what type of policy you choose, the claim process is easy. You must submit an application to the insurance company (you can do this either online or offline) and once the insurance company verifies the claim, the claim amount is paid-out.

Ambulance Expenses

Most insurance companies cover the ambulance expenses to carry the injured to the hospital from the accident spot.

Just as it is essential to give your family financial protection in the event of your demise, you must also think about how they would manage in case of an accident that may lead to disability. You must be prepared for such unexpected situations with accident insurance. Make sure that you know the inclusions, exclusions and other terms and conditions of the policy before you sign the policy.

Source <https://www.iffcotokio.co.in/>

ADVANTAGES OF INVESTING IN MUTUAL FUNDS

1. **Professional Management** — Investors may not have the time or the required knowledge and resources to conduct their research and purchase individual stocks or bonds. A mutual fund is managed by full-time, professional money managers who have the expertise, experience and resources to actively buy, sell, and monitor investments. A fund manager continuously monitors investments and rebalances the portfolio accordingly to meet the scheme's objectives. Portfolio management by professional fund managers is one of the most important advantages of a mutual fund.

2. **Risk Diversification** — Buying shares in a mutual fund is an easy way to diversify your investments across many securities and asset categories such as equity, debt and gold, which helps in spreading the risk - so you won't have all your eggs in one basket. This proves to be beneficial when an underlying security of a given mutual fund scheme experiences market headwinds. With diversification, the risk associated with one asset class is countered by the others. Even if one investment in the portfolio decreases in value, other investments may not be impacted and may even increase in value. In other words, you don't lose out on the entire value of your investment if a particular component of your portfolio goes through a turbulent period. Thus, risk diversification is one of the most prominent advantages of investing in mutual funds.

3. **Affordability & Convenience (Invest Small Amounts)** —

For many investors, it could be more costly to directly purchase all of the individual securities held by a single mutual fund. By contrast, the minimum initial investments for most mutual funds are more affordable.

4. **Liquidity** — You can easily redeem (liquidate) units of open ended mutual fund schemes to meet your financial needs on any business day (when the stock markets and/or banks are open), so you have easy access to your money. Upon redemption, the redemption amount is credited in your bank account



within one day to 3-4 days, depending upon the type of scheme e.g., in respect of Liquid Funds and Overnight Funds, the redemption amount is paid out the next business day.

However, please note that units of close-ended mutual fund schemes can be redeemed only on maturity. Likewise, units of ELSS have a 3-year lock-in period and can be liquidated only thereafter.

5. **Low Cost** — An important advantage of mutual funds is their low cost. Due to huge economies of scale, mutual funds schemes have a low expense ratio. Expense ratio represents the annual fund operating expenses of a scheme, expressed as a percentage of the fund's daily net assets. Operating expenses of a scheme are administration, management, advertising related expenses, etc. The limits of expense ratio for various types of schemes has been specified under Regulation 52 of SEBI Mutual Fund Regulations, 1996.

6. **Well-Regulated** — Mutual Funds are regulated by the capital markets regulator, Securities and Exchange Board of India (SEBI) under SEBI

(Mutual Funds) Regulations, 1996. SEBI has laid down stringent rules and regulations keeping investor protection, transparency with appropriate risk mitigation framework and fair valuation principles.

7. **Tax Benefits** — Investment in ELSS upto ₹1,50,000 qualifies for tax benefit under section 80C of the Income Tax Act, 1961. Mutual Fund investments when held for a longer term are tax efficient.

Source : www.amfiindia.com

**BECOME
A CROREPATI
WITH SIP**

SIP सह करोडपती व्हा

Monthly Investment	No of Years
₹ 2,000 /-	33
₹ 3,000 /-	30
₹ 4,000 /-	28
₹ 5,000 /-	26
₹ 10,000 /-	20
₹ 20,000 /-	15
₹ 30,000 /-	13
₹ 40,000 /-	11
₹ 50,000 /-	9

*Returns Considered 12% Per Annum.

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TOP 5 ADVANTAGES OF HAVING HOUSE INSURANCE

Buying a house is a huge milestone and a dream come true for many of us. It takes a lot of financial planning and saving to afford a home. However, to ensure that the home you have worked so far is protected from unforeseen events, you must buy insurance. To learn about the different home insurance benefits you can enjoy, continue reading.

What is Home Insurance?

Home insurance is a kind of property insurance that provides coverage to the policyholder. With home insurance, you can cover your home against unforeseen loss or damage. A home insurance policy is for personal property and covers home content as well as structure. In return for such insurance cover, you are required to pay the insurance companies regular premiums.

Top 5 Benefits of Home Insurance?

Home insurance can offer the following benefits:

1. **Extensive protection:** With home insurance, you can not only insure the structure of your home but also other extensions of your house such as garage, shed, and compound too. Nowadays, you can also opt for policies that allow you to pick add-ons like content insurance and protect your furniture, electronics, and home appliances as well. Depending on your policy, you may either get a replacement of the goods or a reimbursement.

2. Coverage against natural disasters:

Natural calamities are a massive concern for homeowners everywhere. A natural disaster, like an earthquake or flood, can severely damage your house. Managing the expenses of repairing a home damaged due to such events can be extremely burdensome. One of the major advantages of house insurance is that you enjoy coverage against losses caused due to such unforeseeable events.

3. **Coverage against theft:** Theft is another major concern that leaves homeowners worried. Fortunately, home insurance also covers you against losses due to burglary or theft. Some policies also cover the property of your domestic employees under coverage for burglary.

4. **Cost-efficient protection:** At first, home insurance might seem like an unwanted expense. However, investing in a home insurance policy can pay off when you need it the most. Nowadays, several insurers offer home insurance policies at a competitive premium. These premium



rates are definitely worth paying when you look at the coverage that you get in return.

5. **Liability coverage:** Your home insurance policy will also cover you against any claims that may arise out of accidental death or damage to property faced by a third-party, including domestic workers.

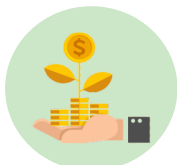
Lastly, one of the biggest benefits of home insurance is that it offers you a certain amount of peace of mind, which is priceless.

While availing a home insurance policy, make sure that you settle for a trustworthy insurer and read the policy wording carefully. An exhaustive research will help you avail the best deal for yourself.

Source <https://www.sbigeneral.in/>

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OUR SERVICES



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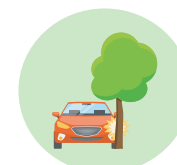
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