

JOURNEY 2 MONEY

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Editorial



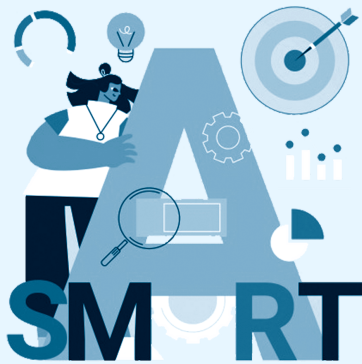
VCARE INVESTMENT
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We are your MF Distributor... begin your Journey to Money with us.

Make SMARTer 2023 New Year's Resolutions

SMART is an acronym that stands for:

- Specific
- Measurable
- Attainable
- Relevant
- Time-bound



Before we get started, we want to help set you up for success. In recent years, only 9 to 12 percent of Indians succeeded at keeping their resolutions through the end of the year.

The main reasons why people lose steam on New Year's resolutions are: they set unrealistic goals, don't measure their progress, set too many resolutions, or simply forget about them (or a combination of all four).

Although New Year's resolutions may seem cliché, and although some people have a hard time achieving them, it doesn't mean that goal-setting should be thrown out the window completely.

There's a reason why people create new resolutions time and time again. It's because the new year symbolizes a fresh start, and it really does feel like a great time to set new goals and shift our behavior. There is simply nothing wrong with that.

So, how does one set a New Year's resolution that they can keep through the year? If you haven't guessed it already, the answer is: by setting SMART goals.



Piyush Desai - CEO

"You can be young without money, but you can't be old without it." - Tennessee Williams

Here are the top 5 financial resolutions you should make this new year:

1. Set Goals With Reasonable Return Expectations

At times we tend to have unreasonable expectations and we would be more tempted to do so than ever before as the market returns were good last year. But that may not always be true. List down your short and long term goals and align them with your return expectations. For example, for short-term goals, you may invest in fixed income instruments which will give you moderate returns, while for long-term goals you may invest in equity and get returns that beat inflation.

2. Review And Update Your Budget

Having a monthly family budget is always handy. It can actually help plan in a better way. Failing to plan is equal to planning to fail so it is always better to sit with the family and plan the monthly budget in detail. Also just to add on, making the budget is the first part, the more important thing is to track it and to ensure that we stick to it. Only when you have a budget and stick to it will you be able to save a part of the income.

3. Embracing Women Into Financial Decision Makings

Gone are those days when our society used to be primarily male dominant in making financial decisions, women now are scaling up to be more financially literate.

Therefore, it becomes imperative to include them in your family's financial decision making process. The added benefit of this process is that in an unfortunate event the women of the family will be able to maintain the financial well-being of your family in the same manner as now.

4. Secure Your Family By Buying Term And Health Insurance

We always feel that we don't need sufficient insurance, until it is too late. So it's better to have sufficient insurance cover well in advance. Term cover can be 10 times your annual income and the health sum insured can vary from 10 to 25 percent of your annual income, depending on your personal finances.

5. Invest Regularly Irrespective Of Market Volatility

Volatility is part of the game. Invest regularly to get good returns over a long period of time. At times it may appear that the market has not delivered good returns over 5 days or 3 months. During such times, always zoom out and see what market has done in 5 years or 30 years.

Having said that, good financial planning can go a long way in providing you with peace of mind. It is recommended that you take financial advice from a professional financial planner.

To Sum-up...

When you make these financial new year resolutions, ensure you diligently follow them. *"No one's ever achieved financial fitness with a January resolution that's abandoned by February"*, says Suze Orman (an American author, financial advisor, motivational speaker, and television host). Make sure you are following a persistent approach in the interest of your financial wellbeing.

In 2023, resolve to invest in yourself and become a 'Financial Guardian' for your family and guide them in making informed financial decisions in these uncertain times.



For any of your requirements in:

- Mutual Funds
- Health Insurance (Mediclaime)
- Life Insurance (Term Plan)

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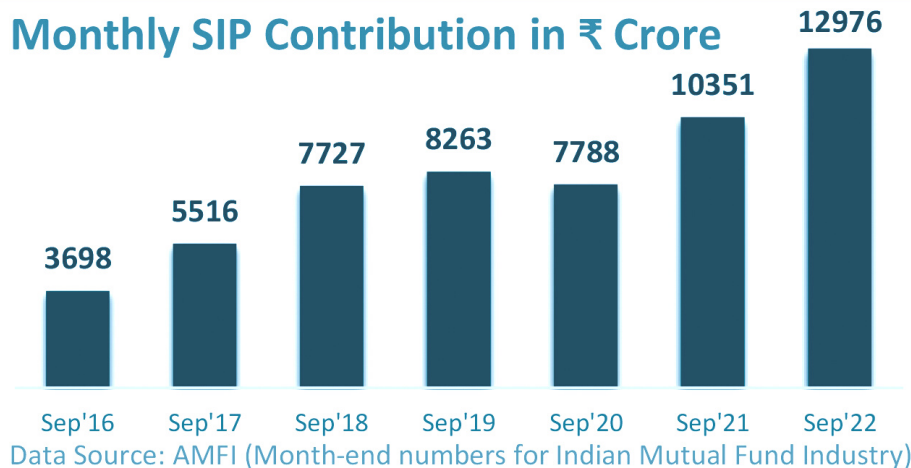
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Mantras for SIP success

Over the years, the Systematic Investment Plan (SIP), a feature offered by Mutual Funds, has become a household name. Its popularity among investors can be seen from the adjacent graph, which depicts growth in monthly SIP contribution by investors over the last six years. With growing interest in SIP, a few obvious questions come to an investor's mind.



Q1. Which Date to Select for Monthly SIP?

Start of the Month? End of the Month? Middle of the Month? Near the Last Thursday of the month because of higher volatility due to F&O expiry? Splitting SIP amount into multiple date SIPs? We tried answering these commonly asked questions using long period data from S&P BSE Sensex TRI (a widely tracked Indian Equity Market Index). The study of the last 26 years' index data reveals no meaningful difference between the average return of different dates' 10 Years SIPs.

Monthly SIP Date	1	2	3	4	5	6	7
SIP Return (% XIRR)	15.80%	15.79%	15.78%	15.74%	15.75%	15.72%	15.71%
Monthly SIP Date	8	9	10	11	12	13	14
SIP Return (% XIRR)	15.71%	15.71%	15.71%	15.72%	15.74%	15.75%	15.76%
Monthly SIP Date	15	16	17	18	19	20	21
SIP Return (% XIRR)	15.77%	15.75%	15.78%	15.77%	15.76%	15.78%	15.78%
Monthly SIP Date	22	23	24	25	26	27	28
SIP Return (% XIRR)	15.79%	15.79%	15.78%	15.79%	15.78%	15.78%	15.77%

10 Years Average SIP Return (% XIRR) on Daily Rolling Basis for particular date of the month for S&P BSE Sensex TRI between Sep 1996 to Sep 2022. Past performance may or may not be sustained in future.

The best SIP date in our view, is when an investor usually receives money in his/her bank account (For e.g. Salary Credit Day).

Q2. Which SIP Frequency to Select?

A historical data analysis provided below suggests that, in the long term, it hardly matters if the investor invests via Daily, Weekly, or Monthly SIP Frequency. All three frequencies end up generating somewhat similar returns (% XIRR).

SIP Frequency -->	Daily	Weekly	Monthly
SIP Instalment Amount	₹ 1,000	₹ 4,738	₹ 20,606
Total Amount Invested	₹ 64.72 Lac	₹ 64.72 Lac	₹ 64.72 Lac
Current Valuation	₹ 5.90 Crore	₹ 5.94 Crore	₹ 5.96 Crore
% XIRR	14.3%	14.3%	14.3%

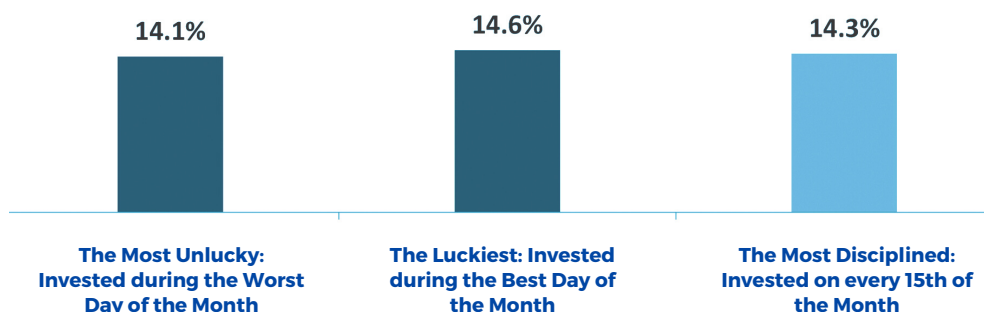
The key takeaway from the analysis is to focus on investing a small amount regularly for the long term.

% XIRR for S&P BSE Sensex TRI for SIP between Sep 1996 to Sep 2022. SIP installment amounts are selected in such a way, so that the total investment remains the same in all the three frequencies for better comparison. Past performance may or may not be sustained in future.

Starting a SIP early and running it for the long term is more important than what frequency one selects!

Q3. Isn't it Better if I Time My Monthly Purchases?

- Only in hindsight would we know, what would have been the best day to invest during a month. It is impossible to consistently time the market levels.
- Waiting for the right time to invest can lead to missed opportunities.
- Not investing at all is a more significant loss than entering an unfavorable market.
- Even the worst market timing will help grow wealth.



% XIRR for S&P BSE Sensex TRI for SIP between Sep 1996 to Sep 2022. Past performance may or may not be sustained in future.

It's time in the market, not timing the market.

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Mantras for SIP success

Q4. What is an Ideal Investment Time Horizon for SIP?

Experts often suggest investors invest for the “Long term,” but what exactly is “Long term”? What is the “Ideal Investment Horizon”? Or is there anything called an “Ideal Investment Horizon”?

Equities have proved to be a volatile asset class in the past. But, the study reveals volatility reduces as investors increase their investment horizon.

SIP Period -->	3 years	5 years	8 years	10 years	12 Years	15 years
Maximum Return	52.4%	50.0%	40.8%	29.6%	21.7%	18.1%
Minimum Return	-36.2%	-10.5%	1.4%	4.6%	6.2%	7.4%
Average Return	12.9%	15.2%	16.3%	15.8%	14.7%	14.4%
Median Return	11.9%	13.0%	14.1%	14.2%	13.9%	14.9%
% Times Postive Return	83%	91%	100%	100%	100%	100%
% Times more than 8% Return	62%	81%	93%	98%	99%	99%
% Times more than 10% Return	54%	71%	80%	94%	98%	97%
% Times more than 12% Return	50%	57%	66%	77%	74%	89%

For illustration purpose only. Above returns are %XIRR Rolling Returns on monthly basis for S&P BSE Sensex TRI for SIP between Sep 1996 to Sep 2022. Past performance may or may not be sustained in future.

Longer the Investment Horizon, Higher is the Probability of receiving decent Returns!

A successful SIP is more about “Starting Early”, maintaining the discipline of “Investing Regularly”, investing for “Long Term” to achieve our “Financial Goals” and less about “Which Date”, “Which Frequency”, etc.



Identify your Financial Goals



Start Early



Invest Regularly



Invest for Long Term

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

^Source: WhiteOak Capital Mutual Fund

“Best time to start your retirement planning is the day you get your first salary. Starting early is the key to Retire Rich & Happy.”



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