

**HDFC MF**

# Weekend Bytes

A weekly series from HDFC Mutual Fund

Why starting an SIP could be a wise idea even at elevated market levels?



Many investors hesitate to start their Systematic Investment Plans (SIPs) when markets are at elevated levels.

The fear? Entering at the wrong time and locking in sub-optimal returns.

The hope? A correction that might offer a better entry point.

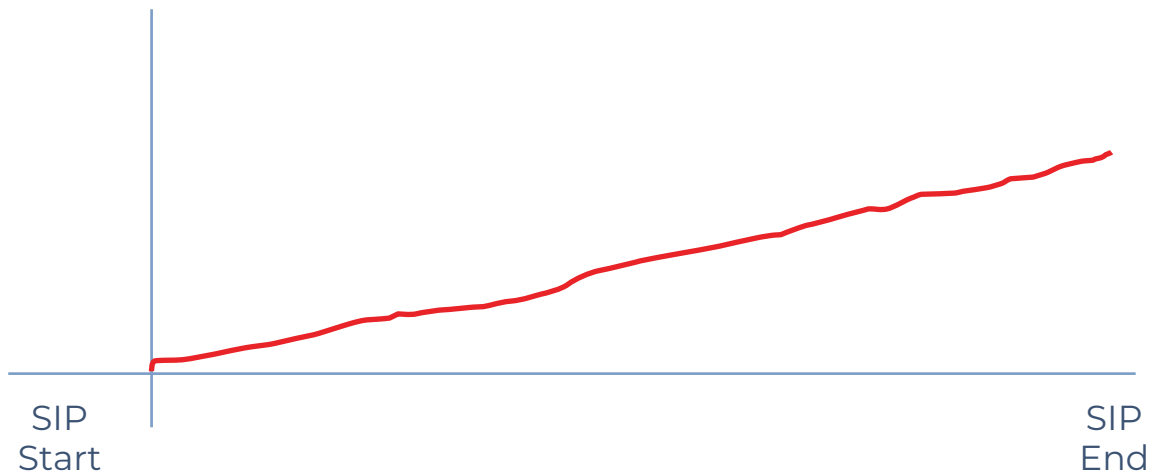
But here's the thing — **Waiting to start your SIP could Be Riskier! Provided you think long term when it comes to the SIP tenure.**



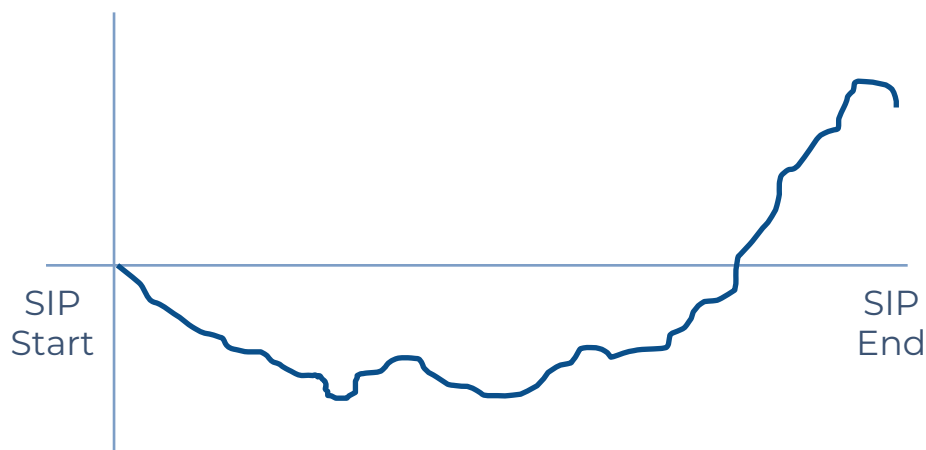
Herein we discuss the scenario of a sharp market correction immediately after the start of an SIP, and the investor staying the course of the SIP, while the market eventually recovers over time. Interestingly, initial periods of drawdown or negative returns during the tenure of an SIP can actually be beneficial for an investor. **Why? Because falling markets allow you to accumulate more units at lower prices, which reduces your average cost.**

Consider 2 market scenarios:

What investors expect while investing?  
**A linear up trending market**



What happens to your SIP when the initial phase sees a drawdown?



You are likely to make better **SIP returns under 2<sup>nd</sup> scenario**. SIPs tend to outperform when long term bull runs include intermittent negative phases. These intermittent negative phases/dips allow you **accumulate higher** units at lower cost.

Another common mistake that investors make ***“I’ll start my SIP after the market corrects.”***

In theory, this sounds smart. In reality, it rarely works. Why? Because market corrections are unpredictable and even when they happen, fear often stops investors from acting.

Lastly, delaying your SIP means missing out on time in the market, and time is the most valuable asset in investing. Even if markets are at an all-time high, starting now helps you accumulate more over the long term through the power of compounding.

**The best time to start a SIP was yesterday.  
The next best time is today.**



**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,  
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

**Mission: To be the wealth creator for every Indian**

**Vision: To be the most respected asset manager in the world**