

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

SIP + EMI: A Smarter Way to Think About Your Loans?



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Buying a home is one of the biggest financial decisions most of us make. And naturally, the first instinct is simple, to close the loan as fast as possible.

Shorter tenure = less interest paid. Sounds perfect, right?

But what if there's another way to look at it?

Instead of focusing only on reducing interest, what if you also focus on building wealth alongside your loan?

That's where the idea of SIP + EMI comes in.



Illustration:

Assume you have taken a ₹50 lakh home loan in April 2006.

A Common Approach: Closed the Loan Quickly



You have opted for a **15-year loan tenure**.



Your monthly **EMI for this loan is ₹50,713***.



Over the full tenure, you will **repay a total of ₹91.28 lakhs**.



This means the loan will be completely closed at the end of the **15-year period**.

This is the traditional route, pay a higher EMI, finish the loan sooner, and save on interest.

*Interest Rate of 9% p.a considered#



An Alternate Approach: Extended the Tenure and Invested the Difference

Now, let's explore a different strategy.



You have revised the loan tenure to **20 years**.



Your new monthly EMI is **₹44,986***, resulting in monthly savings of **₹5,727**.



Instead of using this surplus for expenses, you invest the **₹5,727** every month through an SIP.

You decide to invest the EMI difference (₹5,727) every month into **HDFC Flexi Cap Fund**, starting 1st April 2006.

*Interest Rate of 9% p.a considered#

How Does This Alternate Strategy Work Out?

At the end of 20 years, on 31st March 2026

Total EMIs paid
₹1.08 crores

Total SIP investment
₹13.75 lakhs

Value of SIP investment
 as of 31st March 2026**
₹72.96 lakhs

Source: MFI Explorer

Regular-Growth Plan was considered for the HDFC Flexi Cap Fund. Assuming SIPs were executed on the 1st of every month from April 2006 to March 2026. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.

#Effects of taxation have not been considered in the above illustration. The above calculations are for illustrative and educational purposes only and hence the rate of interest is assumed for ease of understanding of the readers. These rates fluctuate as per market conditions. These are not indicative / assuring of any future returns. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Conclusion

This illustration shows how combining SIPs with EMIs can potentially create long term wealth. While you might pay more interest over time, disciplined investing can help offset this and may even build a decent corpus.

Of course, every individual's situation is unique. The right approach depends on your comfort with EMIs, investment discipline, and long term financial goals.

Final Thought:

A home loan doesn't have to be just a liability you want to finish quickly. With the right approach, it can also become an opportunity to build wealth in parallel.

Because sometimes, the smarter move isn't just to save more interest, it is to make your money work harder elsewhere.



HDFC Flexi Cap Fund

A. SIP Performance - Regular Plan - Growth Option

	Since Inception*	15 year SIP	10 year SIP	5 year SIP	3 year SIP	1 year SIP
Total Amount Invested (₹ in lacs)	37.50	18.00	12.00	6.00	3.60	1.20
Market Value as on March 31, 2026 (₹ in lacs)	1,994.10	61.57	27.12	8.34	3.95	1.09
Returns (%)	20.04	14.99	15.57	13.16	6.12	-16.07
Benchmark Returns (%)#	14.17	12.74	12.15	7.37	1.36	-18.21
Additional Benchmark Returns (%)##	12.96	11.59	10.98	5.80	0.46	-18.44

Assuming ₹10,000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan - Growth Option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. SIP - Systematic Investment Plan

B. Performance - Regular Plan - Growth Option

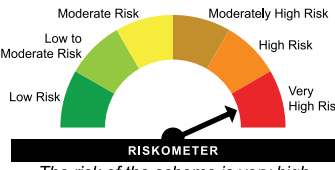

NAV as at March 31, 2026. ₹1817.592 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	-1.55	-2.87	-3.97	9,845	9,712	9,601
Last 3 Years	17.44	13.22	10.03	16,207	14,513	13,320
Last 5 Years	17.90	11.88	10.01	22,793	17,531	16,113
Last 10 Years	15.86	13.51	12.54	43,619	35,512	32,594
Since Inception*	18.10	11.81	11.11	1,817,592	328,131	269,104

Common notes for the above table A & B: Past performance may or may not be sustained in future and is not a guarantee of any future returns. *Inception Date: January 1, 1995. The scheme is managed by Mr. Amit Ganatra since February 01, 2026. # NIFTY 500 Index (TRI). ## Nifty 50 Index (TRI). The above returns are of Regular Plan – Growth Option. Returns greater than 1 year period are compounded annualized (CAGR). Load is not taken into consideration for computation of performance. Different Plans viz. Regular Plan and Direct Plan have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged in the Regular Plan. As NIFTY 50 TRI data is not available since inception of the scheme, additional benchmark performance is calculated using composite CAGR of NIFTY 50 PRI values from January 1, 1995 to June 29, 1999 and TRI values since June 30, 1999. Above returns are as on March 31, 2026.

Benchmark and Additional Benchmark performance is computed as on 30th March, 2026, since values for 31st March 2026 are not available.

For performance of other funds managed by fund manager, Please [click here](#).

<p>HDFC Flexi Cap Fund (An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks.) is suitable for investors who are seeking*:</p>	<p>Riskometer #</p>  <p>The risk of the scheme is very high</p>	<p>Name of the Benchmark and Riskometer</p> <p>NIFTY 500 Index (TRI)</p>  <p>The risk of the benchmark is very high</p>
<ul style="list-style-type: none"> To generate long-term capital appreciation/ income Investment predominantly in equity & equity related instruments 		
<p>*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them. #For latest Riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com Scheme and Benchmark Riskometer as on March 31, 2026.</p>		

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

**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