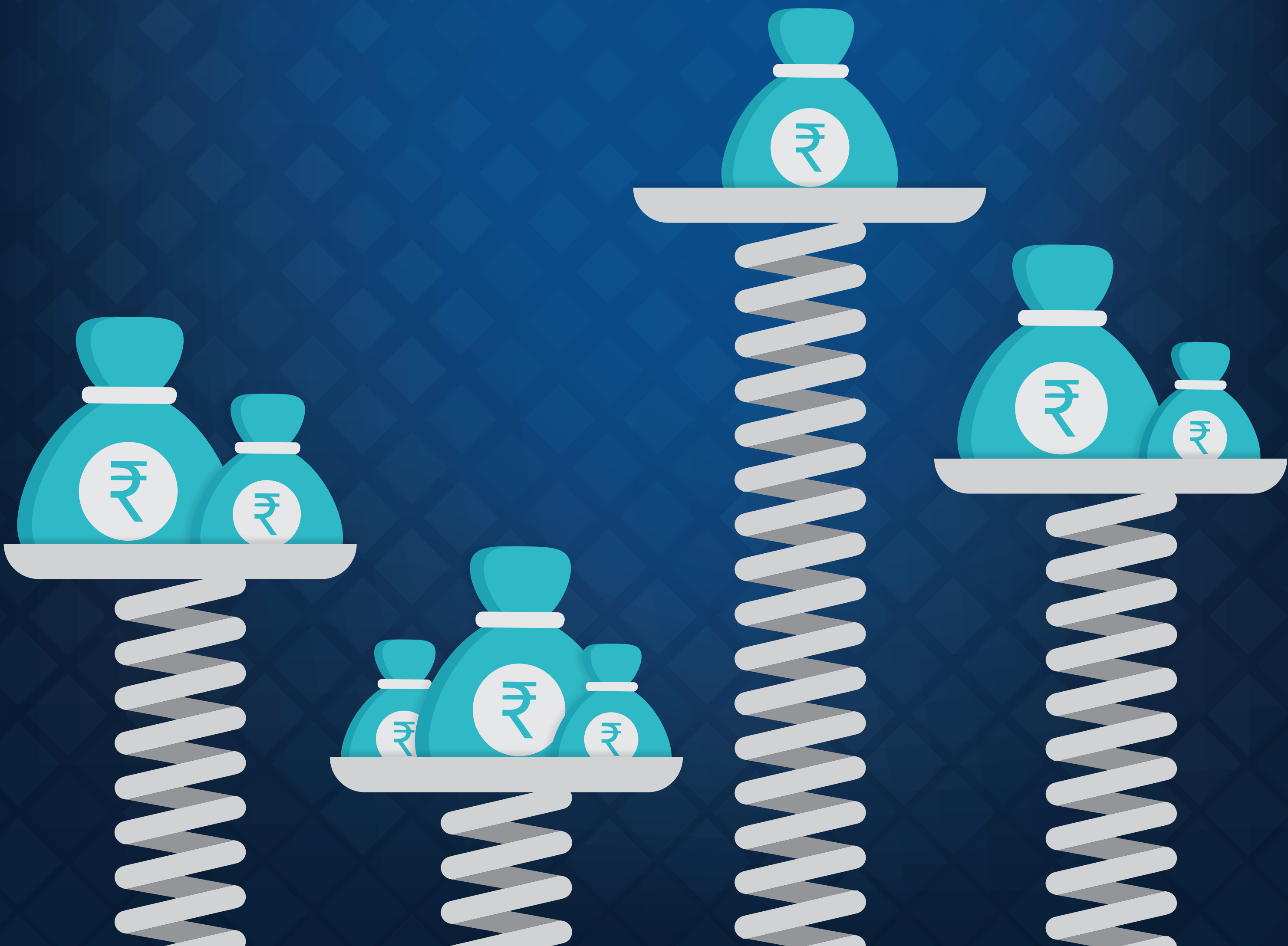
HDFC MUTUAL FUND
BHAROSA APNO KA

Get more out of your SIP with **HDFC Flex SIP**



Introduction

Investors usually try to time the markets and endeavor to buy when markets are low, however this seldom happens. Here is the solution.

Introducing HDFC Flex SIP.

It is a SIP facility wherein the periodic instalments may be higher as the market moves lower. **HDFC Flex SIP**, along with inculcating the habit of disciplined investing also ensures that more units are purchased when markets are down, which generally results in higher wealth as compared to Normal SIP at the end of the SIP tenure*.

At the beginning of **HDFC Flex SIP**, the investor needs to decide the amount per instalment and the tenure of **HDFC Flex SIP**. There will be 5 **Flex SIP** tenures to choose from:

3 years
(36 instalments in case of a monthly SIP and 12 instalments in case of a quarterly SIP)

5 years

10 years

15 years

20 years

5 tenures to choose from

*HDFC Flex SIP in any manner whatsoever is not an assurance or promise or guarantee on part of HDFC Mutual Fund/ HDFC Asset Management Company Limited to the Unit holders in terms of returns or capital appreciation or minimization of loss of capital or otherwise.
SIP - Systematic Investment Plan

Amount under HDFC Flex SIP

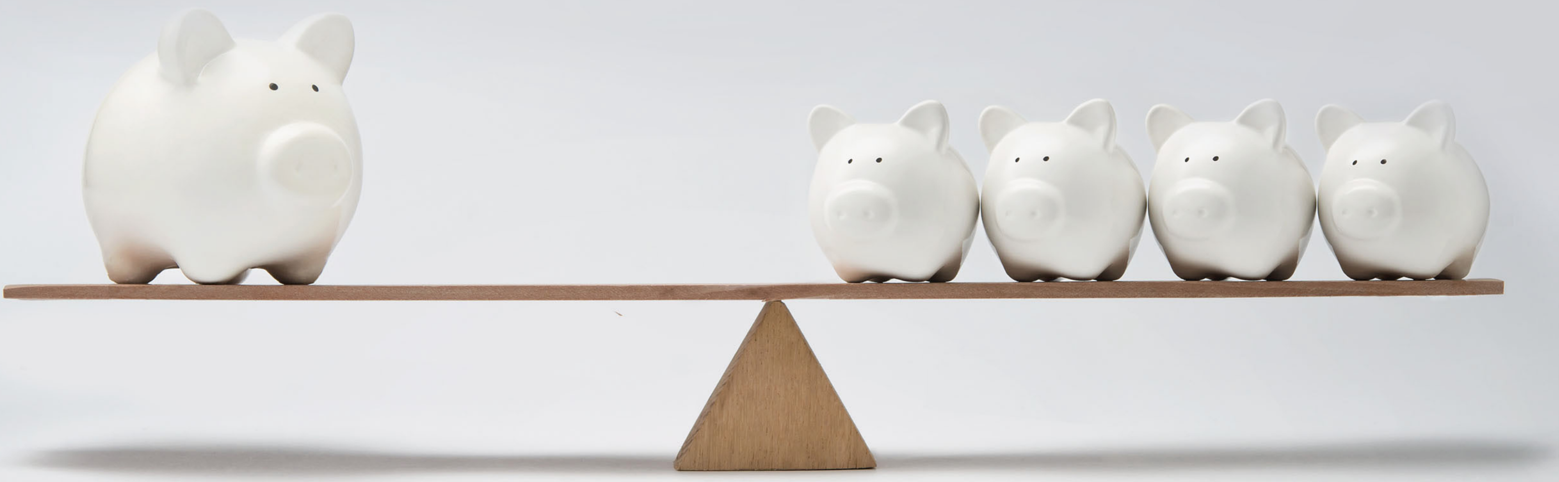
The instalment amount to be invested shall be higher of:

1 Fixed amount to be invested per instalment

OR

2 The amount determined by the formula -

(Fixed amount to be invested per instalment X Number of instalments including the current instalment) – Market value of the investments already processed through **HDFC Flex SIP**, two Business Days prior to the SIP date



Illustration

Flex SIP Enrolment Details:

Scheme Name	:	XYZ Fund - Growth Option (“the Scheme”)
Installment Date & Frequency of Flex SIP	:	15th of every month (T)
Fixed Installment Amount	:	₹5000/-
Number of Installments	:	36
Total Enrolment Amount	:	₹5000 X 36 = ₹1,80,000
Period	:	January 2018 to December 2020

1 How would the Flex SIP instalment be calculated?

Calculation of **Flex SIP** installment amount for instance on the date of the fourth installment i.e. April 15, 2018 (T):

- Total units allotted upto the date of previous instalment i.e. March 15, 2018 is assumed as 685.50;
- The Net Asset Value (“NAV”) of the Scheme on April 13, 2018 (T-2) is assumed as ₹18/- per unit;
- Hence the market value of the investment in the Scheme on April 13, 2018 is ₹12,339 [685.50 X 18].

The installment amount will be calculated as follows:

Fixed amount specified at the time of enrolment : ₹5,000/-

OR

As determined by the formula : [(5,000 X 4) – 12,339.00] = ₹7,661.00

whichever is higher

Hence, the installment amount on April 15, 2018 will be **₹7,661/-**

2 How would maximum **Flex SIP** instalment be calculated?

Calculation of **Flex SIP** installment amount for instance on the date of the seventh installment i.e. July 15, 2018 (T):

- Total units allotted up to the date of previous instalment i.e. June 15, 2018 is assumed as 1,558.675;
- NAV of the Scheme on July 13, 2018 (T-2) is assumed as ₹14/- per unit;
- Hence the market value of the investment as on July 13, 2018 is ₹21,821 [1558.675 X 14].

The installment amount will be calculated as follows:

Fixed amount specified at the time of enrolment	:	₹5,000/-
	OR	
As determined by the formula	:	[(5,000 X 7) – 21,821.00] = ₹13,179.00

whichever is higher;
subject to 2 times the initial installment amount

Hence, the installment amount on July 15, 2018 will be **₹10,000/-**
Thus **Flex SIP** facility helps to buy more units when the NAVs are lower.

3 How would the last **Flex SIP** instalment be calculated vis-à-vis total enrolment amount?

As per the details of **Flex SIP** provided in the above illustration, **the total enrolment amount for Flex SIP will be equal to ₹1,80,000** (5000 X 36 months).

If the total amount invested in **Flex SIP** till the 34th month is ₹1,77,000, then the 35th installment will be ₹3000 (₹1,80,000 – ₹1,77,000) and then the **Flex SIP** will cease.

Note: The dates in the illustrations above are assumed to be Business Days. The above illustrations are for understanding purpose only. The amount for subsequent installments (i.e. installments after the 1st installment) will be calculated based on the market value of the investment 2 Business Days before the Installment date (T). However, the installment will be processed on SIP debit date subject to applicable NAV as per cut-off timing guidelines.

Product Features

This facility is only available under GROWTH option of open-ended equity schemes and open-ended balanced schemes of HDFC Mutual Fund.

The first **Flex SIP** instalment will be processed for the fixed instalment amount specified by the Unit-holder in the enrolment form. From the second **Flex SIP** instalment onwards, the SIP amount shall be computed as per formula stated earlier.

The total amount invested during the tenure of **Flex SIP** shall not exceed the total enrolment amount i.e. amount of 1st instalment X total number of instalments.

The first instalment amount will be maximum of ₹1 lakh.

The instalment amount during the subsequent months will be maximum twice the initial instalment amount (subject to a maximum of ₹1,99,999).

SIP Top-Up feature will not be available under this facility.

Back Testing

Below table shows results of ₹5000 per month invested at the beginning of the month in the 5 year time frame under **Flex SIP** and Normal SIP over the last 22 years.

Period	Market movement over 5 year period	Flex SIP		Normal SIP		Difference in Value (₹) (A-B)
		Units Bought	Value Accumulated (₹) (A)	Units Bought	Value Accumulated (₹) (B)	
1995 - 1999	Range Bound	308	4,90,023	293	4,66,894	23,129
1996 - 2000	Range Bound	290	3,63,550	276	3,45,606	17,945
1997 - 2001	Range Bound	271	2,86,189	268	2,82,788	3,401
1998 - 2002	Range Bound	270	2,97,267	269	2,95,948	1,319
1999 - 2003	Rising	264	5,04,974	258	4,93,053	11,921
2000 - 2004	Range Bound	255	5,39,002	239	5,06,493	32,509
2001 - 2005	Rising	236	6,68,074	224	6,34,789	33,285
2002 - 2006	Rising	195	7,81,044	188	7,54,519	26,525
2003 - 2007	Rising	146	8,99,489	145	8,88,051	11,438
2004 - 2008	Rising	109	3,29,665	107	3,25,991	3,674
2005 - 2009	Rising	93	4,85,538	89	4,64,124	21,414
2006 - 2010	Rising	78	4,82,681	73	4,48,805	33,876
2007 - 2011	Range Bound	71	3,27,340	66	3,04,947	22,393
2008 - 2012	Falling	67	3,99,983	63	3,77,870	22,113
2009 - 2013	Rising	60	3,76,948	60	3,75,036	1,912
2010 - 2014	Rising	53	4,42,615	52	4,31,460	11,155
2011 - 2015	Range Bound	49	3,89,238	48	3,83,419	5,820
2012 - 2016	Rising	45	3,64,912	44	3,63,911	1,001
2013 - 2017	Rising	40	4,13,644	39	4,11,854	1,790

CAGR return of 0% to 7% has been classified as Range bound.
Underlying for the above back testing is NIFTY 50 INDEX.
Value accumulated is as on the last date of respective calendar year.

It has been observed that wealth created would be higher under **Flex SIP** as compared to Normal SIP in 100% observations.

To know more, contact your financial adviser.