

Invest Regularly to Fulfill Dreams



NIVESH PATRIKA

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PATIENCE: The Key To Mutual Fund Growth



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Maloo Investwise Pvt. Ltd. (erstwhile Maloo Finance & Investment Services) was established in 1992. Our purpose is to help our customers on their journey to fulfill their financial dreams. With more than 32 years of experience, Maloo Investwise is an esteemed and trusted financial service provider in Rajasthan.

We provide investment, mutual fund and diversified financial services through dynamic information management, benchmarking and continuous client reporting.

Founder and Pioneer



Award and Achievements



Dr. Ramesh Chand Maloo, founder of Maloo Investwise Pvt. Ltd. is a Certified Financial Planner (CFP) with over 30 years of experience in financial management

Awarded with NSE Market Achievers Award in 2018.



His Ph.D. theses "Analysis of Investment Opportunities- A comparative study of Mutual Funds, Equity, and traditional Investments." highlighted investment opportunities in open market

Awarded with the "Tarakki champion" Award in 2019



He has undergone a short term course on "Family Business: Organization, Strategies, Internationalization and Succession" From the prestigious IIM, Ahmedabad.

Awarded with CNBC TV 18, UTI MF, and ICRA's Best performing MFD Award erstwhile (Individual Financial Advisor Award) for north India cities (tier II)' 2018-19



He has also done short term course on leadership development program from ISB Hyderabad.

Awarded with MFRT Imperial Qualifier Award in Year 2013.



Company Strategy

Vision

To build long-term relationship with our clients and provide them real time financial services through use of state-of-the-art technology and innovation.

Mission Statement

To ensure optimal financial growth for our clients.

Purpose

To provide active portfolio management and diversified financial services to our clients through dynamic information management, bench marking and continuous client reporting.

Our Services

Online Investment

Our website and mobile app (IOS and Android) provide our clients with useful financial tools, calculators and articles for better financial planning and do-it-yourself online investment options.

Financial Solutions

We offer various financial products to help our clients achieve their financial goals;

Investment in Mutual Fund

We are Rajasthan's largest retail financial service provider offering a variety of financial products including mutual funds, life insurance, health insurance, postal schemes, bonds (capital gain, infrastructure, government and RBI) etc.

PATIENCE: THE KEY TO MUTUAL FUND GROWTH

Investing in mutual funds is often compared to planting a tree. You start with a small investment, and over time, it grows. But just like trees take time to reach full bloom, mutual funds require patience to yield substantial returns. In today's world of instant gratification and quick fixes, it can be challenging to adopt a long-term mindset. However, if you can learn the art of patience, mutual funds can be one of the most reliable paths to wealth building.

THE ROLE OF PATIENCE IN MUTUAL FUND INVESTMENTS

Mutual funds pool money from multiple investors and invest in a diversified portfolio of stocks, bonds, or other assets. The goal is to generate returns that will grow over time. But how do you unlock the true potential of your investment? By being patient.

Here are some reasons why patience is crucial for the growth of your mutual fund investment:

1. Market Volatility is Normal

The stock market, where many mutual funds are invested, is inherently volatile. Prices fluctuate daily based on economic conditions, investor sentiment, geopolitical events, and countless other factors. This can lead to short-term dips and volatility that may cause an emotional reaction—particularly for new investors.

However, if you zoom out and take a long-term view, these short-term fluctuations often become less important. Markets have historically trended upwards over the long term, despite occasional drops. The key to surviving the ups and downs is to stay invested through thick and thin.

Patience helps you avoid knee-jerk reactions, like pulling out during market dips, which could lock in losses and prevent you from benefiting from eventual rebounds.

2. Compounding Works Best Over Time

One of the most powerful forces in investing is compound interest—the idea that the returns you earn on your investment are reinvested, and over time, they start to generate their own returns. The longer you stay invested in a mutual fund, the more time your money has to compound.

For example, if you invest in a mutual fund that generates an average annual return of 12%, your investment will be four times approximately every 12 years. But this growth can only happen if you remain invested for the long haul. The earlier you start and the more patient you are, the more time your money has to grow.



3. Avoiding Timing the Market

One of the greatest challenges for investors is trying to "time" the market—buying low and selling high. In theory, this sounds easy, but in practice, it's incredibly difficult to predict the perfect moments for entering or exiting an investment. Mutual funds, by nature, are designed for long-term growth, and the strategy of trying to time the market often leads to missed opportunities.



When you invest with patience, you stop worrying about the day-to-day fluctuations and focus on the bigger picture. Rather than trying to predict short-term movements, a long-term approach means you allow the market and your fund manager to work on your behalf. Historically, long-term investors have outperformed those who frequently buy and sell based on short-term predictions.

4. Rupee-Cost Averaging

One strategy that naturally aligns with patience is Rupee-cost averaging . This involves investing a fixed amount of money at regular intervals, regardless of market conditions. Whether the market is up or down, you continue to invest the same amount. Over time, this smooths out the price you pay for your mutual fund shares, potentially lowering your average cost per share.

By staying committed to your regular investment schedule, you can benefit from market fluctuations without the need to react to them. Rupee-cost averaging requires discipline and patience, but it can enhance the growth potential of your mutual fund investment over time.

5. Fund Managers Need Time to Execute Strategy

Mutual funds are managed by professionals, who follow a strategy of selecting and managing assets. Whether they are actively managed or passively track an index, fund managers often need time to execute their strategy effectively. Sometimes, it may take several years for the investments to pay off, especially if the strategy involves long-term growth or value investing.

Patience allows these managers to work with a clear strategy, free from the pressure of short-term results. By staying invested, you give them the time they need to execute their investment approach and benefit from it in the long run.

THE RISKS OF LACK OF PATIENCE

It's easy to get tempted to act on the next piece of market news or to make changes based on a recent underperformance. However, frequently tinkering with your portfolio can be detrimental to long-term returns. Common pitfalls include:



- **Selling in a panic:** When markets dip, it's natural to want to sell to avoid further losses. But selling low often results in locking in losses and missing the subsequent recovery.
- **Chasing performance:** Investors often jump into mutual funds that have recently performed well, only to see that growth stagnate. Performance can be cyclical, and past performance is not indicative of future results.
- **Frequent trading:** Actively buying and selling mutual funds can incur transaction fees, taxes, and other costs that eat into your returns. In the end, the costs of short-term trading can outweigh the benefits of trying to time the market.



Conclusion : The key to successful mutual fund investing is patience. Markets will fluctuate, but history shows that those who stick with their investments for the long term tend to see the best results. By embracing patience, you give your investments time to compound, ride out market volatility, and grow in alignment with your long-term financial goals.

Remember, investing isn't a sprint—it's a marathon. Stay focused, stay patient, and let time do the work. With discipline and patience, your mutual fund investment has the potential to grow far beyond your expectations.

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

Should you wait for markets to correct before starting an SIP?

While waiting for markets to correct may seem intuitively right and it's quite possible that starting an SIP at the bottom of the cycle can result in higher returns, does waiting on the sidelines add value to your portfolio? We take a closer look at few instances of SIPs started before market correction and see how they fared.

GLOBAL FINANCIAL CRISIS

- **Background** - NIFTY Mid Cap 150 TRI had rallied by ~60% between Aug'2007 and Jan'2008 in spite of mounting concerns around US and Europe's financial sector in 2007.
- **Investor's dilemma** – Whether to start an SIP or wait on the sidelines for clarity to merge on the impending global financial crisis (GFC).
- **What the numbers say?** – While fears of correction eventually proved true and NIFTY Mid Cap 150 TRI corrected by ~70% between Jan'2008 and Nov'2008, who would have been better off? An investor starting an SIP near the market peak or the one who anticipated the correction, avoided investing and started an SIP after the market bottomed.



SIP in a Mid Cap Fund	Invested amount (₹ Lakhs)	Profit (₹ Lakhs)	Market Value of investment* (₹ Lakhs)	Return % (₹ Lakhs)
Staged SIP near GFC peak (Jan'08)	20.1	142.6	162.7	21.9%
Staged SIP near GFC bottom (Nov'08)	19.1	123.5	142.6	22.3%

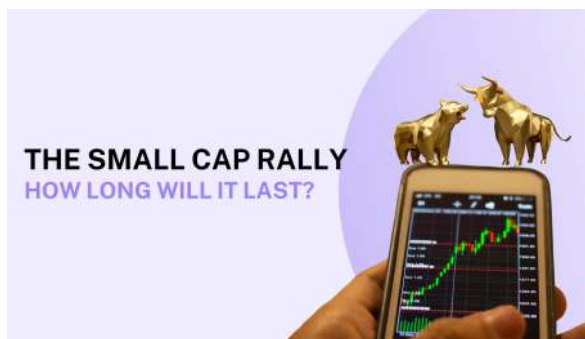
Source: MFI Explorer

*As of 30-September-2024, SIP of Rs 10,000 on first day of month considered. SIP started from respective start dates Jan'08/Nov'08 and continued uninterrupted till 30-September-2024 assumed.

As can be seen from table above, whether an investor started an SIP near the GFC peak or GFC bottom, an investment in a mutual fund scheme would have yielded robust returns (21.9% and 22.3% CAGR respectively). Also, over the long term, it didn't really matter when investors started the SIP; as long as they started one and persisted with it. If at all anything, the delay on account of waiting for the bottom and starting the SIP later would have resulted in less wealth creation to the tune of ~20 lakh (~ 163 Lakhs vs ~143 Lakhs). In contrast, invested amount would have been lower by only 1 lakh (20.1 Lakhs vs 19.1 Lakhs or 10,000*10 installments).

2017 SMALL CAP RALLY AND CORRECTION

- **Background** - BSE 250 Small Cap Index TRI had rallied by 57% in 2017. At the end of 2017, Small-Cap Index was trading at a premium of ~50% to its 5-year average.
- **Investor's dilemma** - Whether to start an SIP or not? Investor A started an SIP of Rs 10,000 in a Small Cap Fund in Jan'2018 ignoring the expensive valuation and the sharp trailing outperformance.



Another investor, say Investor B, waited for another year and started an SIP in Jan'2019 after the BSE 250 Small Cap Index corrected by ~24%. How differently would they have fared till date?

- **What the numbers say?**

SIP in Small Cap Fund	Invested amount (₹ Lakhs)	Profit (₹ Lakhs)	Market Value of investment* (₹ Lakhs)	Return % CAGR
Investor A: Started Jan'2018 (Pre-correction)	8.1	12.9	21.0	27.9%
Investor B: Started in Jan'2019 (Post-correction)	6.9	10.3	17.2	31.9%

Source: MFI Explorer, Bloomberg

*As of 30-September-2024, SIP of ₹10,000 on first day of month considered. SIP started from respective start dates Jan'18/Jan'19 and continued uninterrupted till 30-September-2024 assumed

While Investor B who started SIP after correction i.e. in Jan'2019 ended up with higher returns (31.9% CAGR vs 27.9% CAGR), waiting for correction and not investing earlier meant that Investor B's absolute profit was lower than that of Investor A, who started the SIP at expensive valuation and close to market peak. In spite of lower returns in %age terms, Investor A ended up with additional profits of Rs 2.6 lakhs for an additional investment of 1.2 Lakhs, owing to the power of compounding.

SUMMARY

- Investors need not worry about market levels/valuations as long as they are taking the SIP approach.
- Starting the SIP and more importantly persisting with it is more important than when you start it.
- Staying invested for long term can help to compound wealth, irrespective of intermittent market volatility.

source <https://www.hdfcfund.com/>



WEALTH QUOTES



It's waiting that helps you
as an investor, and a lot
of people just can't stand
to wait. 
-Charlie Munger

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