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THE POWER OF CONSISTENCY

INTRODUCTION

Have you ever felt the urge to stop your SIP (Systematic Investment Plan) during turbulent times in the market? If yes, you're not alone. Many investors feel uncertain when markets turn volatile or during economic downturns. However, history and data show that staying consistent with SIPs during tough times is one of the smartest decisions you can make as an investor.



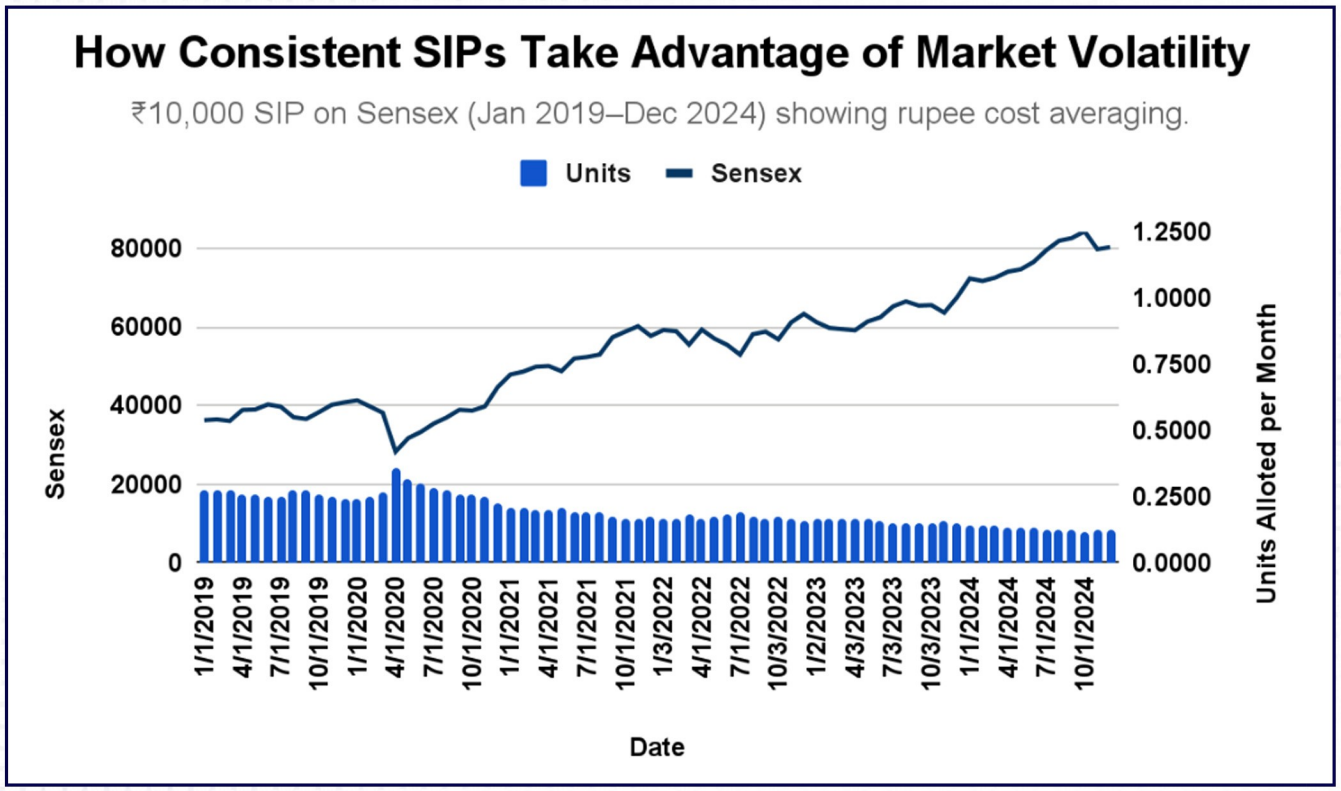
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THE POWER OF STAYING CONSISTENT

One of the biggest advantages of SIPs is **rupee cost averaging.** When markets dip, your SIP buys more units at a lower price, and when markets rise, it buys fewer units at a higher price. This balances your overall investment cost, ensuring you don't have to worry about timing the market.

Additionally, SIPs remove the emotional bias that often plagues investors during market downturns. Instead of reacting to market noise, SIPs automate your investing journey, keeping it disciplined and on track.



This chart showcases how SIP investors benefit during volatile markets, with more units bought when markets are down and fewer when they rise.

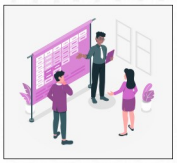
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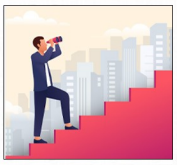
DATA-BACKED EVIDENCE: SUCCESS OF SIP INVESTORS

To understand the value of staying consistent, let's look at a hypothetical example of investing in the Sensex. During the COVID-19 market crash in March 2020, many investors faced a dilemma. Here's how two different approaches played out:





Scenario 1: Investor A who started a SIP of Rs. 10,000 in January 2015 and continued consistently till December 31, 2024, even during the COVID-19 crash.



Scenario 2: An investor who started the same SIP in January 2015 but frustratingly stopped contributions in March 2020 due to the market crash, missing out on the recovery.

The results were striking:

Investor	Total Investment (Rs.)	Portfolio Value as of 31/12/2024
Investor A	₹12,00,000	₹23,78,046
Investor B	₹6,20,000	₹15,50,892

The consistent investor (Investor A) not only recovered from the downturn but also achieved a significantly higher portfolio value compared to the investor who stopped (Investor B)

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LESSONS FROM PAST MARKET CRASHES

History has consistently rewarded long-term investors who stayed committed during tough times:



1. 2008 Global Financial Crisis: Markets dropped significantly, but those who stayed invested saw their portfolios grow exponentially over the next decade.

2. 2016 Demonetization: While the market faced temporary shocks, consistent SIP investors benefited as the market rebounded.

3. 2020 COVID Crash: The sharp recovery post-COVID reinforced the importance of continuing SIPs during downturns.

These examples highlight the importance of resilience and how every market downturn creates opportunities for disciplined investors.

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BENEFITS OF SIPs IN TOUGH TIMES

History has consistently rewarded long-term investors who stayed committed during tough times:



1. Rupee Cost Averaging: Volatility works in your favor by averaging out your investment cost.



2. Flexibility: SIPs can be started with as low as ₹500, making them affordable even during financial stress.



3. Discipline: Automating investments ensures you don't fall victim to market timing or emotional decisions.



4. Wealth Accumulation: Consistent SIPs harness the power of compounding, building wealth over time.

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STAY COMMITTED

Every market downturn brings hidden opportunities. Don't let fear or uncertainty hold you back from achieving your financial goals. Instead, embrace resilience. Let your SIPs work for you by staying consistent, no matter the market conditions.

Start today, stay disciplined, and let time and compounding do the rest. The rewards of consistency are already being enjoyed by those who didn't give up during challenging times — and you can be one of them too!





DISCLAIMER

This is for informational purposes only. The investment examples discussed are hypothetical and based on past Sensex performance. Past performance is not indicative of future results. Mutual Fund investments are subject to market risks. Please read the scheme related documents carefully before investing.
Sensex Data Source: wsj.com

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