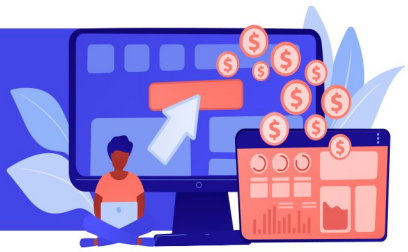
Mutual Fund Distributor

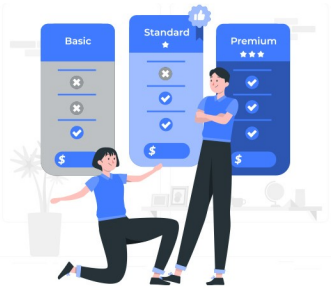
# SIMPLIFYING REGULAR EXPENSES WITH SYSTEMATIC WITHDRAWAL PLANS



## Introduction:

Managing regular recurring expenses can often be a challenging task. Whether it's school fees, medical bills, club memberships, or any other recurring financial obligations, keeping the cash readily available on specific dates can be cumbersome. However, there's a solution that can make your life stress-free – Systematic Withdrawal Plans (SWP). SWP allows you to receive a fixed amount on a date of your choice against a lump sum investment, giving you the flexibility to tailor your payment frequency.






### Example 1 - Club Membership Fees:

Let's consider Mr. A, who has an annual club membership fee of ₹44,000 and monthly dues of ₹4,400. To manage these regular club expenses, Mr. A invests a lump sum in a Hybrid Mutual Fund scheme, assuming an annual return of 9%. He needs to invest ₹11,00,000 to cover both the yearly and monthly withdrawals. Here's how it works:

Mr. A invests ₹11,00,000, and after a month, the fund value is ₹11,07,928. He withdraws ₹4,400, leaving the fund value at ₹11,03,528.

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| Month | Investment Amount | Fund Value after 1 Month | Withdrawal | Fund Value After Withdrawal |
|---|---|---|---|---|
| 1 | ₹11,00,000 | ₹11,07,928 | ₹4,400 | ₹11,03,528 |
| 2 | | ₹11,11,482 | ₹4,400 | ₹11,07,082 |
| 3 | | ₹11,15,061 | ₹4,400 | ₹11,10,661 |
| 4 | | ₹11,18,666 | ₹4,400 | ₹11,14,266 |
| 5 | | ₹11,22,296 | ₹4,400 | ₹11,17,896 |
| 6 | | ₹11,25,953 | ₹4,400 | ₹11,21,553 |
| 7 | | ₹11,29,637 | ₹4,400 | ₹11,25,237 |
| 8 | | ₹11,33,347 | ₹4,400 | ₹11,28,947 |
| 9 | | ₹11,37,083 | ₹4,400 | ₹11,32,683 |
| 10 | | ₹11,40,847 | ₹4,400 | ₹11,36,447 |
| 11 | | ₹11,44,638 | ₹4,400 | ₹11,40,238 |
| 12 | | ₹11,48,456 | ₹48,400 | **₹11,00,056** |

**This pattern continues, ensuring Mr. A can meet his regular club expenses while keeping his capital intact.**

### Example 2 - School Fees:

Mr. B pays quarterly school fees of ₹25,000 and an annual school development fee of ₹90,000 for his daughter. To manage these educational expenses, Mr. B invests ₹21,50,000 in a Hybrid Mutual Fund scheme with an assumed 9% annual return. Here's how it plays out:



Quarter 1: Mr. B invests ₹21,50,000, and after the first quarter, the fund value is ₹21,96,823. He withdraws ₹25,000, leaving the fund value at ₹21,71,823.

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| Quarter | Investment Amount | Fund Value after 1st Quarter | Withdrawal | Fund Value After Withdrawal |
|---|---|---|---|---|
| 1 | ₹21,50,000 | ₹21,96,823 | ₹25,000 | ₹21,71,823 |
| 2 | | ₹22,19,121 | ₹25,000 | ₹21,94,121 |
| 3 | | ₹22,41,905 | ₹25,000 | ₹22,16,905 |
| 4 | | ₹22,65,186 | ₹1,15,000 | **₹21,50,186** |

**This cycle repeats for each quarter, ensuring Mr. B can fulfill his school-related financial commitments without depleting his capital.**



### The Smart Way to Handle Recurring Expenses:

Both Mr. A and Mr. B have made intelligent financial decisions by using SWP to meet their periodic withdrawal needs. If you have similar regular withdrawal requirements, investing a lumpsum can provide you with financial peace of mind. Feel free to contact us for customized solutions to meet your unique financial goals.

Disclaimer: Disclaimer: Mutual Fund investments are subject to market risks. Please read the scheme related documents carefully before investing. Returns are not guaranteed. Figures are approximate. The above is for illustration purposes only. The provided chart is an illustrative tool, however, it's essential to note that real-world circumstances may cause variations from these projected figures.

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