

SIP vs Conditional Investing

SIP investing with a smart tweak to get guaranteed better returns-

What's the most common way of investing in SIP? To put in XX amount of money into your preferred fund/equity on a fixed day of every month, right?

Let's change it a little to get you more returns. How about investing half of your total amount on the fixed day of every month and another half only if the market is a certain percentage down from its ATH? I ran the numbers and carefully analyzed Nifty 50 and the top blue-chip Mutual Funds to see which combination works best. I found out that investing half your money on a fixed date of every month without exception and another half of your money only when the market is 3% down from its "last 2-year high" can deliver 23.47% more returns in 20 years than normal SIP. All you have to do is- one day before your date of investing, check how much percent down your fund is. (Certain Mutual Funds defeated Nifty 50 significantly, guess how? Hint- Beta)

Scenario-1

When a fixed amount is invested at a fixed date every month into Nifty 50, regardless of the market conditions from Jan, 2000 to July, 2022.

We generate returns of 317.85%, having invested Rs. 50,000 on the first every month. A total amount of Rs. 12,350,000 was invested over the mentioned time frame.

Total portfolio value stands at Rs. 51,604,867.35 at the end of the term.

		Portfolio Value in July'22	Returns
Sum invested ->	12,350,000.00	51,604,867.35	317.85%

Scenario-2

When a fixed amount is invested at a fixed date every month into Nifty 50, only when the market is down by a certain pre-defined percent from its last 2 year high from Jan, 2000 to July, 2022.

We generate returns of 367.88% having invested Rs. 70,000 on the first of every month, only when the markets were down by 3% or more from their last 2 year high. A total amount of Rs. 10,920,000 was invested over the mentioned time frame.

Total portfolio value stands at Rs. 51,092,427.01 at the end of the term.

				Portfolio Value in July'22	Returns
Percent Benchmark->	-3%	Sum invested ->	10,920,000.00	51,092,427.01	367.88%

Scenario-3 (Hybrid- 50-50%)

When a variable amount is invested at a fixed date every month into Nifty 50 from Jan, 2000 to July, 2022.

Investment style- (1) A fixed amount is invested regardless of the market conditions.

(2) A fixed amount is invested along with (1) only when the market is down by a certain pre-defined percent from its last 2 year high.

We generate returns of 337.22% having invested Rs. 29,000 when the markets are not down by 3% or more and Rs.58,000 when the markets are down by 3% or more on the first of every month from their last 2 year high. A total amount of Rs. 11,687,000 was invested over the mentioned time frame.

Total portfolio value stands at Rs. 51,097,685.68 at the end of the term.

					Portfolio Value in July'22	Returns
Percent Benchmark->	- 3%	Sum invested ->	11,687,000.00		51,097,685.68	337.22%

Scenario	Sum invested	Percent Benchmark	Portfolio Value	Returns
1	12,350,000		51,604,867.35	317.85%
2	10,920,000.00	3%	51,092,427.01	367.88%
3	11,687,000.00	3%	51,097,685.68	337.22%

REITS vs Debt Funds

Is there a 100X better alternative to REITs?

People invest in Real Estate to protect their money. People who want to do fractional investing can invest in REITs Cons-

- Lack of tax benefits
- High maintenance fee
- Other additional charges
- Research

The alternative to REITs is Debt Funds. I carefully analyzed top Debt Funds like HDFC, Axis and ABSL to come up with these numbers- Debt funds have a minimum 1-year rolling return of 3.33%. 3.33% is when the markets are down and when the markets are up and bullish they have given returns of as much as 13.98% with an average of 8.57%. Pros of Debt funds-

- Easy liquidity
- Easy to invest
- Risk-averse
- Great for people wanting to protect their capital.

My opinion: I believe if the stock market is to grow, which it will because the economy has to grow, then Debt funds will also become more popular. It's an excellent place to park your money.

	1 year Returns	3 year Returns	5 year Returns
Min	3.33%	21.64%	41.90%
Max	13.98%	39.42%	60.64%
Avg	9.11%	29.46%	52.28%