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## Editorial

VCARE INVESTMENT SERVICES PVT. LTD.

*We are your MF Distributor... begin your Journey to Money with us.*

# SIXES AND SAVINGS: UNVEILING THE IPL-PERSONAL FINANCE SAGA!

**Dear Financial Champions,**
**As the nation rejoices another exhilarating season of the Indian Premier League (IPL), it's time to explore the fascinating parallels between cricket's extravaganza and the world of personal finance. So, grab your popcorn and your financial calculators because we're about to embark on a journey that's as thrilling as an IPL final!**

In the IPL, teams engage in fierce bidding wars to acquire top players during auctions. Similarly, in the realm of personal finance, we're constantly bidding for financial assets to build our dream portfolio. Whether it's scouting for undervalued stocks or investing in promising mutual funds, the game of finance is all about assembling a winning team. And just like in cricket, where it's not always the highest bidder who wins the match, in finance, it's not about the size of your wallet; it's about how smartly you play your financial shots!

Now, let's talk about volatility – the heartbeat of both IPL matches and financial markets. In cricket, a match can swing wildly in a matter of overs, keeping fans on the edge of their seats. Similarly, our investment portfolios can experience dizzying highs and nerve-wracking lows due to market fluctuations. But here's the catch – champions don't panic; they strategize!

Just as cricket teams have game plans to tackle various scenarios, savvy investors have investment strategies to navigate through market volatility. Whether it's diversifying your portfolio or staying invested for the long term, having a solid game plan is crucial in both cricket and personal finance.
Speaking of strategy, captains in cricket and personal finance both need to have a clear vision and execute their plans with precision. From setting financial goals to crafting investment strategies, it's all about having a game plan and sticking to it. In cricket, a well-coordinated run chase requires teamwork, strategy, and adaptability – qualities that are equally essential in managing your finances. Whether you're aiming to retire early or buy your dream home, having a roadmap for your financial journey is paramount.

But wait, there's more! Just as cricket brings fans together in stadiums, personal finance creates a bond among savers and investors. Whether you're cheering for your favorite team or sharing financial tips with friends, the spirit of camaraderie is what keeps us going. In both arenas, the sense of community and shared experiences make the journey all the more enjoyable.

So, as we witness another thrilling season of IPL action, let's also take a moment to appreciate the financial game plan unfolding in our lives. Remember, it's not just about winning matches or accumulating wealth; it's about enjoying the journey and celebrating every financial milestone along the way. So, here's to hitting financial sixes and scoring big in both cricket and personal finance!

**Cheers and happy investing!**

**Keyur Desai**
**Editor**

*"The best way to measure your investing success is not by whether you're beating the market but by whether you've put in place a financial plan and a behavioral discipline that are likely to get you where you want to go."*

\- Benjamin Grahami

## Index

# Mutual Fund Investment Checklist: Ensuring Compliance and Efficiency

**Merely harboring the intent to invest in mutual funds is insufficient; it is imperative that investors adhere to all Know Your Customer (KYC) norms. In this article, we present a comprehensive checklist essential for investing in mutual funds, applicable to both existing and new investors.**

## 1. Valid PAN

Possession of a valid Permanent Account Number (PAN) is mandatory for all investors, including Non-Resident Indians (NRIs), looking to invest in mutual funds. While residents of certain states may be exempted from this requirement, individuals intending to invest over Rs. 50,000 per annum must furnish their PAN. Additionally, investors are required to update their PAN and PAN Exempt KYC Reference Number (PEKRN) in their mutual fund folios. Failure to comply renders existing folios non-compliant, thereby impeding financial transactions within mutual funds.

Investors can conveniently update their PAN or PEKRN with MF folios through CAMS or KFintech.

## 2. Aadhaar-PAN Linking

Timely linking of Aadhaar and PAN is crucial. Failure to do so within the stipulated period may render PAN cards inoperative, consequently affecting investors' MF folios.

Investors can visit www.incometaxindiaefiling.gov.in or utilize platforms such as UTIITSL or NSDL to facilitate the Aadhaar-PAN linking process.

## 3. Proof of Identity and Address

Completing KYC via Aadhaar-based online verification offers a convenient avenue. PAN serves as proof of identity, while Aadhaar suffices for address verification, provided the mobile number is linked with Aadhaar. Physical KYC may be pursued using Aadhaar as a valid proof of address, provided the document is machine-readable with a QR code. For alternative proof of address documents such as passports, driving licenses, and voter IDs, physical KYC remains the sole option.

## 4. Valid Phone Number and Email ID

SEBI's implementation of two-factor authentication necessitates the validation of investors' mobile numbers and email IDs. This authentication is vital for executing transactions in mutual funds, including subscriptions and redemptions, through online channels.

Both CAMS and KFintech offer self-declaration forms enabling investors to update their contact details across all fund houses conveniently.

## 5. Core Banking Account Number

Investors must possess an account with Core Banking Solutions (CBS) to invest in mutual funds. Existing investors need to update bank details linked to mutual fund folios with CBS information.

CBS facilitates transactions across branches and is particularly relevant for older accounts or those affected by bank mergers.

## 6. Name Alignment with PAN

Alignment of the investor's name and date of birth (DOB) across PAN, IT records, and mutual fund folios is imperative. Any disparity may result in transaction rejections by Registrar and Transfer Agents (RTAs), encompassing SIPs and redemptions. It is also essential for investors to ensure that the DOB or date of incorporation (for non-individuals) aligns with the PAN card. In the case of minor investors, guardian details are mandatory.

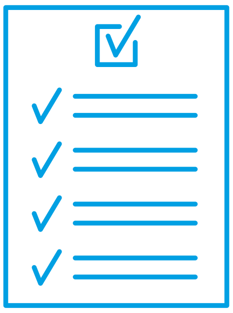
## 7. FATCA Compliance

Compliance with the Foreign Account Tax Compliance Act (FATCA) necessitates the submission of a declaration, irrespective of tax residency status. FATCA requires fund houses to report information on US investors to the US Internal Revenue Service (IRS) through CBDT, aiming to curb tax evasion.

## 8. Nomination Declaration

Fund houses are mandated to obtain a nomination declaration from investors, either opting in or opting out, via the MF application form. Alternatively, declarations can be facilitated online through e-Sign or OTP facilities. SEBI has specified a deadline of June 30, 2024, for existing folios to either opt for nomination or opt out.

**Adhering to this checklist ensures compliance and streamlines the investment process, fostering a seamless experience for investors in mutual funds.**



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

# IMPORTANCE OF STEP-UP SIP

**A Step-up SIP is a facility offered by mutual fund companies that allows investors to increase their monthly investment amount in a systematic investment plan (SIP).**

Here are some benefits of Step-up SIP:

***1) Increased Investment:*** Step-up SIP allows investors to increase their investment amount at regular intervals, which helps them accumulate more wealth in the long run.

***2) Flexibility:*** Step-up SIP gives investors the flexibility to increase their investment amount at any time. They can choose to increase their investment amount periodically, such as every six months or every year, or they can increase it when they have surplus funds.

***3) Cost Averaging:*** With a Step-up SIP, investors can take advantage of rupee cost averaging. This means that they can buy more units of the mutual fund when the market is down and fewer units when the market is up. Over time, this can help reduce the average cost of investing in the mutual fund.

***4) Better Returns:*** By increasing their investment amount in a Step-up SIP, investors can potentially earn higher returns on their investment. This is because they are investing more money, which means they can take advantage of compounding over a longer period.

## Normal SIP:

Suppose you start a mutual fund SIP with an investment amount of Rs. 5,000 per month for a period of 10 years. Your total investment amount over the 10-year period would be Rs. 6,00,000 (5,000 x 12 x 10). The mutual fund would deduct this amount from your bank account every month.

## Step-up SIP:

Now, let's say that you start a Step-up SIP with an initial investment of Rs. 5,000 per month for the first year. In the second year, you decide to increase your SIP by Rs. 1,000 per month. In the third year, you decide to increase your SIP by another Rs. 1,000 per month. Your total investment over the 10-year period would look something like this:

Year 1: Rs. 5,000 per month for 12 months (total investment of Rs. 60,000)

Year 2: Rs. 6,000 per month for 12 months (total investment of Rs. 72,000)

Year 3: Rs. 7,000 per month for 12 months (total investment of Rs. 84,000)

Year 4-10: Rs. 7,000 per month for 84 months (total investment of Rs. 5,88,000)

The total investment amount over the 10-year period in the Step-up SIP would be Rs. 8,04,000, which is significantly higher than the normal SIP example. This is because of the additional investments made through the Step-up SIP.

**You can also do this by increasing the SIP amount by a fixed percentage every year. Let's take an example of a fixed SIP of Rs. 20,000 v/s a Step-up SIP with 10% increase every year over a period of 15 years:**

| Year | Projected yearly Future Value of fixed SIP | | | Projected yearly Future Value of 10% Step-up SIP | | |
|---|---|---|---|---|---|---|
| | Monthly Investment | Annual Investment | Year End Value @ CAGR of 15% | Monthly Investment | Annual Investment | Year End Value @ CAGR of 15% |
| 1 | 20,000 | 2,40,000 | 2,59,084 | 20,000 | 2,40,000 | 2,59,084 |
| 2 | 20,000 | 2,40,000 | 5,57,030 | 22,000 | 2,64,000 | 5,82,938 |
| 3 | 20,000 | 2,40,000 | 8,99,668 | 24,200 | 2,90,400 | 9,83,870 |
| 4 | 20,000 | 2,40,000 | 12,93,702 | 26,620 | 3,19,440 | 14,76,291 |
| 5 | 20,000 | 2,40,000 | 17,46,842 | 29,282 | 3,51,384 | 20,77,059 |
| 6 | 20,000 | 2,40,000 | 22,67,951 | 32,210 | 3,86,522 | 28,05,875 |
| 7 | 20,000 | 2,40,000 | 28,67,228 | 35,431 | 4,25,175 | 36,85,739 |
| 8 | 20,000 | 2,40,000 | 35,56,396 | 38,974 | 4,67,692 | 47,43,481 |
| 9 | 20,000 | 2,40,000 | 43,48,939 | 42,872 | 5,14,461 | 60,10,372 |
| 10 | 20,000 | 2,40,000 | 52,60,364 | 47,159 | 5,65,907 | 75,22,834 |
| 11 | 20,000 | 2,40,000 | 63,08,502 | 51,875 | 6,22,498 | 93,23,256 |
| 12 | 20,000 | 2,40,000 | 75,13,861 | 57,062 | 6,84,748 | 1,14,60,941 |
| 13 | 20,000 | 2,40,000 | 89,00,024 | 62,769 | 7,53,223 | 1,39,93,198 |
| 14 | 20,000 | 2,40,000 | 1,04,94,111 | 69,045 | 8,28,545 | 1,69,86,605 |
| 15 | 20,000 | 2,40,000 | **1,23,27,312** | 75,950 | 9,11,400 | **2,05,18,466** |

You can observe that there is a huge difference in the corpus accumulated at the end of 15 years in both the examples. This is the power of Step-up SIP!





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