

EMI



**You work for
money**

SIP



VS

**Money works
for you**

Contents :

- Take control of your money
- Difference between SIP and EMI
- Recover Home Loan Principal and Interest
- Importance of Asset Allocation



EMI vs SIP

Do you dream to have your own house
but worried about heavy

Home Loan EMI's?

Are you one of them who thinks buying assets on EMI is cost
efficient and easy way out?



Be Controlled



Take Controlled

Think Again!!

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Plan Your Life Better with

SYSTEMATIC INVESTMENT PLANS

Planning to buy a Car



Sedan Car **10 Lac**

EMI	SIP
3 Years at 10.5%	3 Years at 12.0%
₹32,502/- Per Month	₹23,214/- Per Month

** The above are only for illustrative purposes. The costs mentioned are basis general trends observed. **For illustration purpose only. Interest assumed at 10.5% per annum. Returns are not guaranteed. **For illustration purpose only. Returns assumed at 12.0% per annum. Returns are not guaranteed

Planning for a family foreign Vacation



Europe Tour for **3-15 Lac**

EMI	SIP
5 Years at 14.0%	5 Years at 12.0%
₹34,902/- Per Month	₹18,366/- Per Month

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Planning for Child's Marriage



Child Marriage **25 Lac**

EMI	SIP
5 Years at 14.0%	5 Years at 12.0%
₹34,902/- Per Month	₹18,366/- Per Month

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Loan EMI v/s SIP in Mutual Funds

A SIP along with your EMI can help you finance your EMIs.

Let us understand how?

Case Study

Home Loan Amount of 40 Lakhs at 7.5% interest

We have 2 options in this scenario

- Scenario 1 - Opt for 15 years tenure with EMI amount of INR 37,080
- Scenario 2 - Opt for 25 years tenure with EMI of 29,560 and Invest surplus amount of INR 7520 in Equity Mutual Fund at 12% returns

Scenario 1 - 15 Year Home Loan

Year	Monthly EMI	Total Annual EMIs	Total Interest Paid	Total Principal RePaid	Year End Outstanding Loan Balance
1	37,080	4,44,966	2,94,912	1,50,054	38,49,946
2	37,080	4,44,966	2,83,262	1,61,704	36,88,242
3	37,080	4,44,966	2,70,709	1,74,257	35,13,985
4	37,080	4,44,966	2,57,181	1,87,785	33,26,200
5	37,080	4,44,966	2,42,603	2,02,363	31,23,837
6	37,080	4,44,966	2,26,893	2,18,073	29,05,763
7	37,080	4,44,966	2,09,963	2,35,003	26,70,761
8	37,080	4,44,966	1,91,719	2,53,247	24,17,514
9	37,080	4,44,966	1,72,059	2,72,907	21,44,607
10	37,080	4,44,966	1,50,873	2,94,093	18,50,514
11	37,080	4,44,966	1,28,041	3,16,925	15,33,589
12	37,080	4,44,966	1,03,438	3,41,528	11,92,061
13	37,080	4,44,966	76,924	3,68,042	8,24,018
14	37,080	4,44,966	48,352	3,96,614	4,27,404
15	37,080	4,44,966	17,562	4,27,404	0
Total		66,74,489	26,74,489	40,00,000	

Total interest outgo in this case is INR 26.7 Lakh over the period of 15 years

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Now let us compare with a Home Loan of 25 Years

Scenario 2- 25 Year Home Loan

Year	Monthly EMI	Total Annual EMIs	Total Interest Paid	Total Principal RePaid	Year End Outstanding Loan Balance
1	29,560	3,54,716	2,98,079	56,636	39,43,364
2	29,560	3,54,716	2,93,683	61,033	38,82,330
3	29,560	3,54,716	2,88,944	65,771	38,16,559
4	29,560	3,54,716	2,83,838	70,877	37,45,682
5	29,560	3,54,716	2,78,336	76,380	36,69,302
6	29,560	3,54,716	2,72,406	82,309	35,86,993
7	29,560	3,54,716	2,66,017	88,699	34,98,293
8	29,560	3,54,716	2,59,131	95,585	34,02,708
9	29,560	3,54,716	2,51,710	1,03,006	32,99,703
10	29,560	3,54,716	2,43,714	1,11,002	31,88,700
11	29,560	3,54,716	2,35,096	1,19,620	30,69,081
12	29,560	3,54,716	2,25,810	1,28,906	29,40,175
13	29,560	3,54,716	2,15,810	1,38,913	28,01,261
14	29,560	3,54,716	2,05,802	1,49,698	26,51,564
15	29,560	3,54,716	1,93,397	1,61,319	24,90,245
16	29,560	3,54,716	1,80,873	1,73,843	23,16,402
17	29,560	3,54,716	1,67,377	1,87,338	21,29,064
18	29,560	3,54,716	1,52,834	2,01,882	19,27,182
19	29,560	3,54,716	1,37,161	2,17,555	17,09,627
20	29,560	3,54,716	1,20,272	2,34,444	14,75,183
21	29,560	3,54,716	1,02,071	2,52,644	12,22,539
22	29,560	3,54,716	82,458	2,72,258	9,50,281
23	29,560	3,54,716	61,322	2,93,394	6,56,887
24	29,560	3,54,716	38,545	3,16,171	3,40,716
25	29,560	3,54,716	14,000	3,40,716	0
Total		88,67,894	48,67,894	40,00,000	

We now see that on the same loan when taken for 25 years the interest outgo is of 48.7 Lakh.

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Now let us see how a home loan can be managed with

Monthly Investment in Mutual Funds

SCENARIO 2

25 Year home loan paying EMI of INR 29,560 +
SIP of 7520 = Total outflow of

INR 37,080

We invest INR 7520 in Equity Mutual Fund scheme
assuming 11% CAGR.



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25 Years Home Loan

SIP of Rs 7520 per month

Year	Monthly EMI	Total Annual EMIs	Total Interest Paid	Total Principal RePaid	Year End Outstanding Loan Balance	Starting Corpus	Total Annual Investment	Returns (11%)	Ending Corpus	SIP Corpus > Outstanding Loan
1	29,560	3,54,716	2,98,079	56,636	39,43,364	-	90,240	9,926	1,00,166	No
2	29,560	3,54,716	2,93,683	61,033	38,82,330	1,00,166	90,240	20,945	2,11,351	No
3	29,560	3,54,716	2,88,944	65,771	38,16,559	2,11,351	90,240	33,175	3,34,766	No
4	29,560	3,54,716	2,83,838	70,877	37,45,682	3,34,766	90,240	46,751	4,71,757	No
5	29,560	3,54,716	2,78,336	76,380	36,69,302	4,71,757	90,240	61,820	6,23,816	No
6	29,560	3,54,716	2,72,406	82,309	35,86,993	6,23,816	90,240	78,546	7,92,603	No
7	29,560	3,54,716	2,66,017	88,699	34,98,293	7,92,603	90,240	97,113	9,79,955	No
8	29,560	3,54,716	2,59,131	95,585	34,02,708	9,79,955	90,240	1,17,721	11,87,917	No
9	29,560	3,54,716	2,51,710	1,03,006	32,99,703	11,87,917	90,240	1,40,597	14,18,754	No
10	29,560	3,54,716	2,43,714	1,11,002	31,88,700	14,18,754	90,240	1,65,989	16,74,983	No
11	29,560	3,54,716	2,35,096	1,19,620	30,69,081	16,74,983	90,240	1,94,175	19,59,398	No
12	29,560	3,54,716	2,25,810	1,28,906	29,40,175	19,59,398	90,240	2,25,460	22,75,098	No
13	29,560	3,54,716	2,15,810	1,38,913	28,01,261	22,75,098	90,240	2,60,187	26,25,525	No
14	29,560	3,54,716	2,05,802	1,49,698	26,51,564	26,25,525	90,240	2,98,734	30,14,500	Yes
15	29,560	3,54,716	1,93,397	1,61,319	24,90,245					
16	29,560	3,54,716	1,80,873	1,73,843	23,16,402					
17	29,560	3,54,716	1,67,377	1,87,338	21,29,064					
18	29,560	3,54,716	1,52,834	2,01,882	19,27,182					
19	29,560	3,54,716	1,37,161	2,17,555	17,09,627					
20	29,560	3,54,716	1,20,272	2,34,444	14,75,183					
21	29,560	3,54,716	1,02,071	2,52,644	12,22,539					
22	29,560	3,54,716	82,458	2,72,258	9,50,281					
23	29,560	3,54,716	61,322	2,93,394	6,56,887					
24	29,560	3,54,716	38,545	3,16,171	3,40,716					
25	29,560	3,54,716	14,000	3,40,716	0					

- We see the wealth accumulated through SIP of INR 7520 at the end of the 14th year (INR 30.1 Lakh) is higher than the outstanding loan amount of INR 26.5 lakh at the end of the 14th Year.
- We are able to close the home loan in the 14th year itself.
- If we get higher than 11% interest we can close the home loan even earlier.

** For illustration purpose only. Returns assumed at 12% per annum. Returns are not guaranteed.

** The calculations shown are based on SIP calculators provided by various mutual funds. The total amount mentioned is an approximate value and is not an indicator of future returns. Mutual Fund does not provide guaranteed returns. Investors are advised to seek professional advice from financial, tax and legal advisor before investing.

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Recover the Principal and Interest Paid through SIPs in Mutual Funds

Home Loan	
Loan Amount	20 Lacs
Rate of Interest	10.50%
Monthly EMI	19,968
Total Payment (20 Years)	47,92,930
Payment towards Interest	27,92,930
Payment towards Principal	20,00,000

SIP in Equity Mutual Fund	
Monthly SIP	6000
Expected CAGR	12.00%
SIP Tenure	20 Years
Value on Maturity	59,35,532



By investing only 6000 along with home loan EMI you have recovered both your principal and interest and earned some profit as well.

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Ab market ke
utar-chadhav
ka darr kaisa?

ICICI Prudential
Balanced Advantage Fund

Description of Scheme:

An open ended dynamic asset allocation fund

ICICI Prudential Balanced Advantage Fund allocates higher in Equity when the Equity Market Valuation is Low and Lower when the Equity Market Valuation is High.

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Market Timing

The scheme follows 'Buy Low, Sell High' approach for equity investing thereby eliminating the need to time the market



Aims to Limits Downside

Use of Derivatives for hedging or portfolio re-balancing helps in limiting downside, while ensuring tax efficiency.



Key Pointers about scheme strategy:

Re-balancing:

The portfolio re-balancing happens on daily basis market movements

Equity Allocation:

The scheme's net equity (Net equity level is the net equity exposure percentage adjust for any derivative positions in stocks or index for hedging or rebalancing purpose.) exposure would range between 30-80% based on a in-house Price/Book Value Model



In-House Valuation Model:

The scheme follows the 'Buy Low, Sell High' model basis in-house P/BV model while keeping human emotions aside

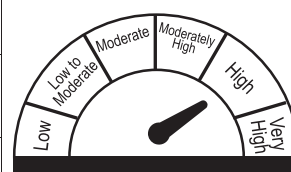
Long-Term Capital Appreciation.:

The scheme endeavor to create better risk-adjusted returns over the complete cycle

ICICI Prudential Balanced Advantage Fund (An Open Ended Dynamic Asset Allocation Fund) is suitable for investors who are seeking:

- Long term capital appreciation/income
- Investing in equity and equity related securities and debt instruments.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



SCHEME RISKOMETER

Investors understand that their principal will be at **High** risk

The asset allocation and investment strategy will be as per Scheme Information Document of the scheme. The Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. Please refer <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

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

For understanding the concept of EMI versus SIP better, reach out to us today

ISLIYE

ADVISOR

zaroori hai



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