

## Smart SIP – FAQs

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### **What exactly is Smart SIP and how is it different from regular SIP?**

Your regular SIP will invest a fixed amount of money in equities every month irrespective of the market valuation. Over a period of time, your average acquisition rate will move lower because you buy more units when NAV is down and fewer units when NAV is up. However, this structure has its own limitation. What is the point in buying equities when the markets are very high? This limitation is corrected in Smart SIP. In Smart SIP, your funds will be invested in debt when markets are very high. Only when the market cools down to more reasonable levels, your funds will be moved from debt to equity. Also, the money may be moved other way round i.e., from equity to debt, depending on the market valuation. Hence, Smart SIP delivers substantially better returns and that too with lower risk.

### **Who decides market valuation and whether to invest in debt or equity?**

PE (Price to Earning) ratio of index is a very good indicator of market valuation. When market / index are quoting at more than 19-20 times its earnings, average returns of equities, with three years perspective, are more likely to be lower than debt. Further, equities are inherently risky. So, there is no point in putting money in equities when similar or even better returns are expected from the debt (low risk). That is the time when we call equity markets are trading high and we will put your new money into debt.

### **What happens to the funds invested in debt?**

Money invested in debt is waiting to be switched to equities. Our valuation matrix will guide us as to when the money is required to be switched. Such movement of funds will be executed once a month / quarter.

### **In Smart SIP, will the investment be switched from equity to debt?**

When market valuations are extremely high, we will switch complete investment from equity to debt. This money will be moved back to equity when valuations turn attractive.

### **Does any AMC offer Smart SIP facility?**

None of the existing AMCs are currently offering Smart SIP. This is an investment approach designed by in-house research team and exclusively offered to esteemed clients of R. Wadiwala. This concept can be used for making investment in any AMC, but currently we are offering this facility only for HDFC Mutual fund.

### **How do I apply for SMART SIP?**

Your RM will help you to apply for SMART SIP. If you already have a trading account with R. Wadiwala, your RM will be able to download the pre-filled form from his login with all the details. You can sign the form and submit it to MF division of the company.

### **Is it necessary to have trading and demat account with R. Wadiwala for Smart SIP?**

Buying/Selling/Switch in Smart SIP is done using exchange platform. Hence, it is necessary to have a trading and demat account with R. Wadiwala.

### **Do I need to give cheque for investing in Smart SIP?**

Yes, first instalment of Smart SIP will always be processed through cheque.

### **What are the other features of Smart SIP?**

Buying in Smart SIP is done using exchange platform. Hence all the units are received in your demat account. This makes it very easy to track and maintain all your investment records from a single statement.

### **Is it possible to invest in Smart SIP in physical form?**

No, it is not possible to invest in Smart SIP in physical form.

### **How can I check my investment allocation, returns, SIP maturity date etc?**

You can check all your investment related information using our convenient Mobile App, Web or by talking to our Relationship Manager.

### **Can I opt to invest in smart SIP in specific date?**

**No, date selection is not possible. However you can opt from two dates for investment. First is 11<sup>th</sup> of every month and second is 25<sup>th</sup> of every month.**

### **What will be the date of debit from my bank account?**

As per date preference, your account will be debited one day prior to your investment date. And intimation SMS will be given two days prior to debit intimation.

**What will happen if my instalments are rejected from bank?**

If for consecutive three months, your instalments are getting rejected, your account will be marked inactive and intimation will be given to you and your RM by SMS and email. This is to note that there will be no further investments in inactive accounts.

**How can I stop/discontinue the Smart SIP?**

You can stop your Smart SIP by giving a signed cancellation request along with Bank Mandate cancellation form to our office.

Please note that there are three different levels of stopping SMART SIP

- Discontinue ECS / drawing new funds but continue managing existing investment.
- Discontinue ECS / drawing new funds and managing existing investment.
- Discontinue with complete redemption.

Investor will have to select appropriate preference while giving request for discontinuing the SMART SIP.

**Can I redeem the units?**

Redemption of your units would just be a phone call away. However, please note that you may redeem only your accumulated units but your SIP may continue till the time you submit signed application to stop the SIP.

**What if I need to redeem the units?**

Redemption of your units would just be a phone call away. However, please note that you may redeem your current units but your SIP may continue till the time you sign application to stop the SIP.

**Is there any lock-in period and exit load for Smart SIP?**

No, there is no lock-in period for Smart SIP. Exit load will be applicable as per the AMC rules.

**Do we have to pay any charges to R. Wadiwala for Smart SIP?**

No, R. Wadiwala does not charge you anything for processing of Smart SIP.

**Can I use the platform of Smart SIP for investing in other funds?**

We may allow that in future. However, currently it can only be done with funds that we have selected. Further, it is important to note that we have selected the fund after considering lots of parameters.

**What is the minimum amount for Smart SIP?**

Minimum monthly amount for Smart SIP is Rs 5000. Exchange platform does not allow investment below Rs 5000 and hence we cannot have less than Rs 5000 SIP amount.

**Are all banks participating in the new ACH (bank mandate for auto debit) platform used for auto debit for Smart SIP?**

Most of the banks are using ACH platform. However, there are few problems related to this new platform. We expect it get solved over the period of time. If your bank is not participating in ACH system, you can execute Smart SIP by giving advance cheques.

**Why do I need to give a cheque when my bank is participating in ACH?**

ACH registration takes minimum 15-20 days depending upon the banks. In that case, we may miss the first SIP date. Hence, we will always start the new SIP with cheque followed by bank mandate for auto debit.

**If my bank is not participating in ACH, how can I apply for Smart SIP?**

In case your bank is not participating in ACH, you can submit post-dated cheques in favour of R. Wadiwala Securities Pvt Ltd.

**Can I keep my SIP transaction on hold for specific period?**

Yes, you can do so by giving application to hold SIP for specific period of time.

**Disclaimer**

Mutual fund investments are subject to market risks. Read all scheme related documents carefully. Investors in the Scheme(s) are not being offered a guaranteed or assured rate of return and there can be no assurance that the schemes objective will be achieved and the NAV of the scheme(s) may go up and down depending upon the factors and forces affecting securities market. Investment in mutual fund units involves investment risk such as trading volumes, settlement risk, liquidity risk, default risk including possible loss of capital. Past performance of the sponsor / AMC / Mutual Fund does not indicate the future performance of the Scheme(s).

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