

## SIP (Systematic Investment Plan)

SIP is Systematic Investment Plan. In Mutual Fund one can start investing even with an amount as small as Rs. 1000/-. This is SIP. The investor should invest at least Rs. 12,000/- as a whole via SIP. ie; at least 12 installments (1000\*12). In other words SIP is way of investing in Mutual funds monthly, where a fixed amount of money goes from your Bank Account to Mutual funds, so if you do a SIP of 1,000 for 1 yr, it means that every month on a fixed date (chosen by you) 1,000 will be invested in a Fixed Mutual fund you choose.

SIP is done either through ECS facility or by submitting post dated cheques (min 6 cheques). If SIP is done through ECS the client's bank account should have at par facility and should come under any of the ECS locations (MICR code is mandatory).

- (a) **ECS: (Electronic Clearance Service)** For SIP through ECS, the client need to submit
- (i) the common application form,
  - (ii) ECS/ Auto Debit mandate form and
  - (iii) the first cheque or DD (DD should taken from the investors account itself & enclose confirmation letter from the Bank / Proof towards the same) favoring the name of fund & the first installment amount bearing current date.

1. In the Common application form the personal details of the investor need to filled like

- his name(Guardian's name if first investor is minor),
- PAN no.;
- His resident address if client status is resident or his overseas address if client status is NRI,
- His phone no.; his mobile no: (to activate SMS alert),
- His email id(if registered will activate online access of account statements),
- His Bank Address with pin code & MICR code,
- Investment details like fund name & option, SIP installment/cheque amount, no: of installments,
- sip mode(ECS or Post Dated Cheques) need to be filled.
- Nominee details also can be mentioned if required.
- In the common application there is only one signature required(first sole applicant if mode of holding is single or all applicants if mode of holding is joint).
- If the investor status is non-individual ,the first holder will be the company and the signature of the authorized signatory should be given.

2. In the ECS / Auto debit mandate form,

- Client name,
- PAN No: ,
- Fund Name, SIP details like SIP amount, No: of installments,
- whether monthly or quarterly,
- start date(should have at least 30 days gap from the first installment) and end date.
- Bank details (Bank name, address with pin code & MICR code,
- investors name as in bank records) need to be filled neatly and correctly without any mistakes(otherwise will be rejected).
- Signatures should be given wherever required. (Please note 2 more signatures are required in this form)

- (b) PDC: For SIP through post dated cheques all procedures are similar except instead of one cheque all the post dated cheques (at least 6) need to be submitted favoring the fund name and installment amount and instead of ECS mandate form application form for SIP through PDC need to be submitted.

## Supporting Documents

### 1. KYC

KYC acknowledgement of the investor need to be submitted along with the application (Check with the link to get the status of KYC [http://www.cvlindia.com/inquiry\\_kyc01.asp?id=submit](http://www.cvlindia.com/inquiry_kyc01.asp?id=submit) & if its processed take print and enclose it along with the application.

Or else submit a new KYC application duly filled and signed by the investor with necessary supporting documents.

### 2. PAN

Copy of PAN is mandatory

3. If DD is submitted, proof saying that the DD has been taken from the investor's own account need to be submitted (either a bank statement showing the DD details attested by the banker or a letter from bank saying that the client has taken DD from his own account)

For renewing SIP/ starting a new for an existing investor of the fund, common application is not required, SIP application with the folio no: mentioned is enough with first cheque (if through ECS) Post dated cheques (if through PDC).

## KYC:

You may be knowing that KYC is mandatory for every MF investment. It is a onetime process for an individual investor. KYC form is attached. Please take printout of the same. KYC requirements are as follows:

1. Passport size photo of the investor should be pasted in the space provided and signed across. One more signature of the client is required at the end of the application.
2. Self attested address proof and ID proof should be submitted as KYC documents.

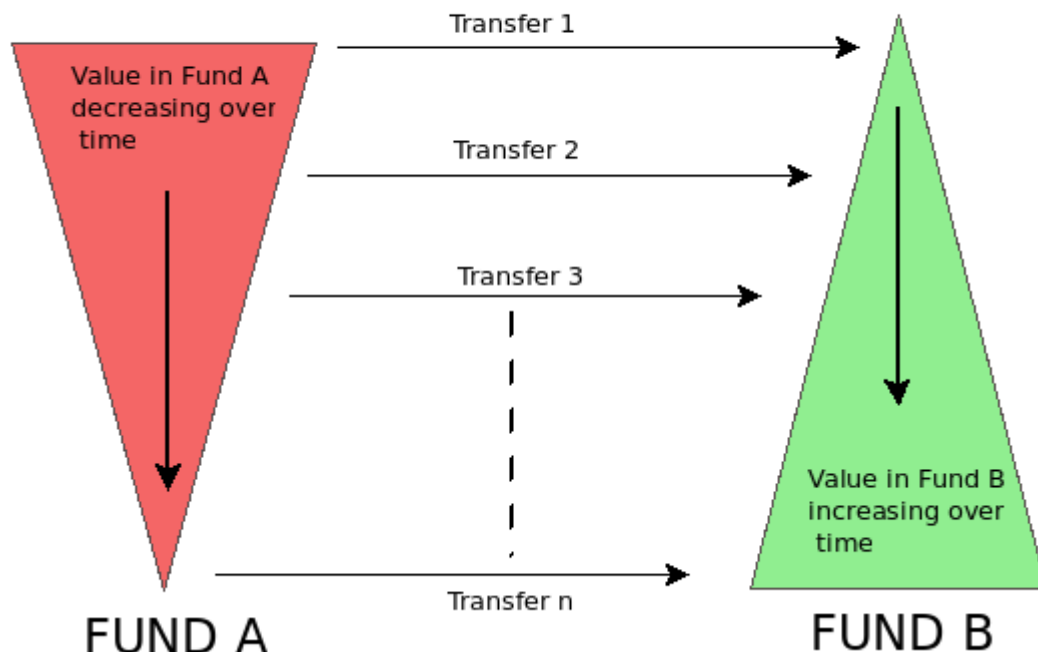
## **STP (Systematic Transfer Plan)**

It's similar to SIP, but the overall commitment amount will be parked in a Ultra Short Term Debt fund (similar to Fixed Deposits with any time withdrawal option) initially, and transfer smaller amounts on monthly/weekly basis to the Target Equity Fund over a period of time.

### **What is STP (Systematic Transfer Plan)**

In STP we invest a lump sum amount in some Mutual Fund and then a fixed sum is transferred from that mutual fund to another mutual fund . (usually from one asset class to another, viz- Debt - Equity)

## How Systematic Transfer Plan Works



**For Example :** If you have Rs 6 lacs lump sum to invest and you want to invest in [HDFC Top 200](#) , The steps you will have to follow are :

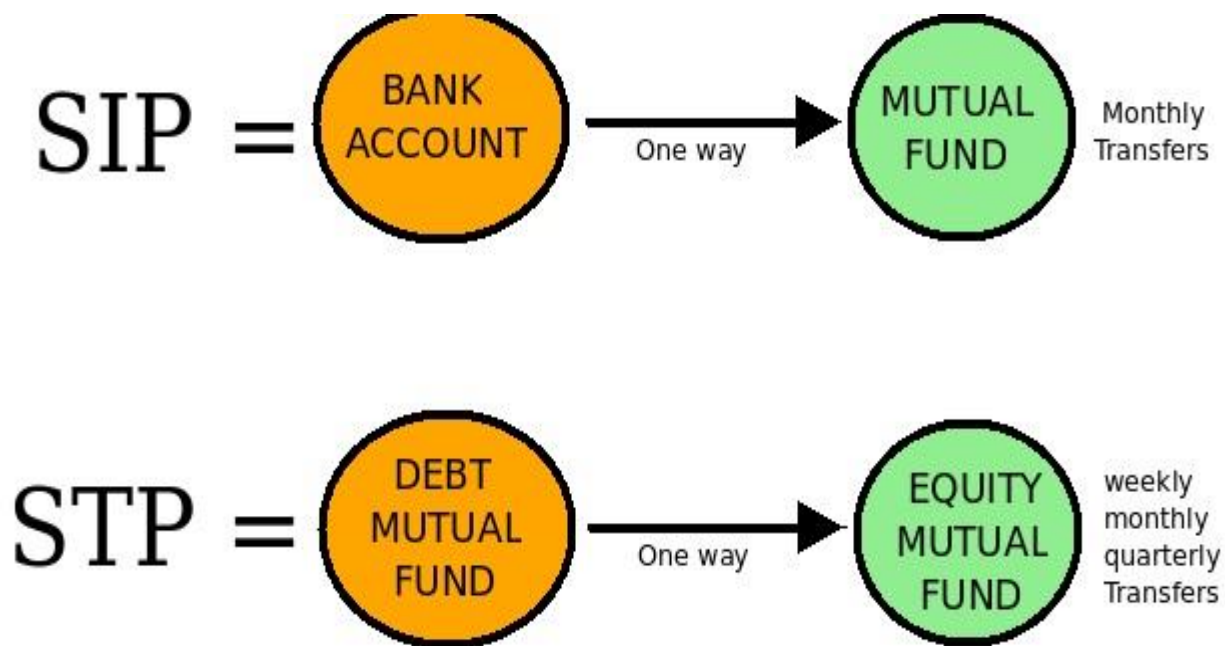
1. Choose a good Debt fund or [Floating Rate Mutual Fund](#) from HDFC , which allows STP to HDFC Top 200 .
2. Invest all the money in the Debt Fund .
3. Now you can start a 10k/20k/30k per month STP from HDFC Debt fund to HDFC Top 200 .

### **Why and When to use STP**

**When will it work :** STP will make sense from DEBT -> EQUITY when markets are may very volatile and you don't want to take risk with your money in a short span of time, If you invest through STP in markets and markets fall or have lots of volatile moves, then this situation will be better than the one time investment option. This is still better than putting money in Bank and doing a SIP , because at least you money is earning some returns on debt part in STP.

**When will it not work :** Incase markets are already at the end of a Bear market and markets can starts it up move anytime, in that case STP will not deliver the best returns like SIP, one time investment is a good choice in that case. But then you never know that when will markets start go up. Given that a retail investor does not have all the tools and time to research the markets, it's not advisable to invest lump sum in any case. It's better to get 4-5% less returns than to see a huge downside of your money in short time, Smart investors think about returns, Smartest one's take care of risk first .

The diffence between SIP & STP



#### 4 advantages of STP

STP has 4 advantages and works in 4 ways for you . They are :

**Works as SIP :** You can invest in a Debt funds and from there you can start a STP to an Equity Fund , so it works like a systematic Investment Plan (SIP)

**Works as SWP :** So STP can also work like SWP, because with some funds you can do transfer from Equity funds to Debt Funds, so when markets look risky to you, you can start a STP from Equity -> Debt funds, which will act like SWP.

**Liquidity :** Generally one does STP from Debt -> Equity funds, so your money is invested in Debt fund. This means you can sell it anytime if you want. Hence it works like a [Emergency Fund](#) also. Incase you need money urgently, it can act like a liquid asset (at least for the time being in the start when you have more money in Debt fund).

**Growth in Money :** Not to forget that your money is invested in Debt funds, so your money is also growing at debt returns , at least the part which is lying in the debt funds .

### Enrolment Form

(Please read terms & conditions overleaf)

Enrolment Form No. \_\_\_\_\_

KEY PARTNER / AGENT INFORMATION			FOR OFFICE USE ONLY	
Name and Address (No. / Stn.)	Sub-Agent's Name and Address	MID Code		
Date: _____				

**NDFC Mutual Fund**

I/We have read and understood the contents of the Offer Documents of the respective Scheme(s) and the terms & conditions overleaf. I/We hereby apply for enrolment under the STP of the following Scheme(s) / Plan(s) / Option(s) and agree to abide by the terms and conditions of the respective Scheme(s) / Plan(s) / Option(s)

**Name of the First / Sole Applicant:** \_\_\_\_\_

**Name of the Guardian:** (In case of First / Sole Applicant is a minor) \_\_\_\_\_

**Name of the Second Applicant:** \_\_\_\_\_

**Name of the Third Applicant:** \_\_\_\_\_

**Particulars**

1. Folio No. of 'Transferor' Scheme (For existing Unit Holders) / Application No. (For new investors)

2. Name of 'Transferor' Scheme/Plan/Option

3. Name of 'Transferee' Scheme/Plan/Option

4. Type of STP Plan / Frequency (Share / Dividend / Frequent only)  FSTP  Daily  Weekly  Monthly  Quarterly  LSTP  Monthly  Quarterly

5. Date of Transfer (Share / Dividend only)  1st  15th  30th  15th  20th (Not applicable for FSTP Daily Interval and FSTP Weekly Interval)

6. Enrolment Period (Share / Dividend only) From: MM/YY To: MM/YY (Not applicable for FSTP Daily Interval and FSTP Weekly Interval)

7. No. of Installment (Mandatory Daily and Weekly STP only) For FSTP - Daily: \_\_\_\_\_ For FSTP - Weekly: \_\_\_\_\_

8. Amount of Transfer per Installment (Share / Dividend only) FSTP: Rs. \_\_\_\_\_

9. Receipt of Document(s) by E-Mail (Share / Dividend only)  Account Statement  Newsletter  Annual Report  Other Statutory Information (as may be permitted under SEBI (Mutual Funds) Regulations, 1996)

EMail ID: \_\_\_\_\_

The Scheme you are shifting your money from

The scheme you are shifting your money to

Period beginning from first transfer and ending on last transfer

Only profits transferred

Fixed amounts transferred



Need to specify here no. of installments applicable only for the Weekly Transfer Plan

Need to specify amounts under Fixed Transfer Plan

5. Enrolment Period (Share / Dividend only) From: MM/YY To: MM/YY (Not applicable for FSTP Daily Interval and FSTP Weekly Interval)

7. No. of Installment (Mandatory for Daily and Weekly STP only) For FSTP - Daily: \_\_\_\_\_ For FSTP - Weekly: \_\_\_\_\_

8. Amount of Transfer per Installment (Share / Dividend only) FSTP: Rs. \_\_\_\_\_

9. Receipt of Document(s) by E-Mail (Share / Dividend only)  Account Statement  Newsletter  Annual Report  Other Statutory Information (as may be permitted under SEBI (Mutual Funds) Regulations, 1996)

EMail ID: \_\_\_\_\_

**SIGNATURES**

First/Sole Unit holder / Guardian: \_\_\_\_\_

Second: \_\_\_\_\_

Third Unit holder: \_\_\_\_\_

Please note: Signature(s) should be as it appears on the Application Form and in the same order. In case the holder of holding is/are, all Unit holder are required to sign.

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**ADMINISTRATIVE DOCUMENT STP (To be filled up by the Unit holder)**

**NDFC MUTUAL FUND**

Regd. Office: Service House, 2nd Floor, HST Techno Park, 1st, Lockstep Road, Madhavaram, Chennai-600020

Date: \_\_\_\_\_ Enrolment Form No. \_\_\_\_\_

Received from Mr./Ms./M/s: \_\_\_\_\_ STP application(s) for transfer of Unit(s) from Scheme / Plan / Option: \_\_\_\_\_ to Scheme / Plan / Option: \_\_\_\_\_

**(Sd./ Stamp & Signature)**

FORM - 1 (Mutual Funds) - 10/11