

Future Value of STP Calculator Case Study PDF

Mr. Ramesh Agnihotri wants to invest Rs 25 lakhs in an equity Mutual Fund but is unsure about the current market reaching all time highs. You suggest he start an STP, where he can invest in a debt fund and transfer a certain amount (say Rs 50,000) periodically into an equity Fund. He is not convinced and asks you to create a proposal.

Assumptions:

Debt Fund Return - 5%

Equity Fund Returns - 12%

STP Investment Proposal For Mr. Ramesh Agnihotri

Initial Investment	₹ 25,00,000	
Monthly Transfer Mode	₹ 50,000	
Period	10 Years	
Assumed Rate of Return	Debt Fund	5.00 %
	Equity Fund	12.00 %

Expected Future Value

Debt Fund Value	₹ 1,586
Equity Fund Value	₹ 67,21,922
Total Fund Value	₹ 67,23,507
Annualised Returns	10.40 %

* Mutual fund investments are subject to market risks, read all scheme related documents carefully. Returns are not guaranteed. The above is for illustration purpose only.

Projected Annual Investment Value						
Year	Debt Fund Value at the beginning of year	Transfer to Equity every year	Equity Fund Value at the beginning of year	Equity Fund Value at the end of year	Total Value at the end of year (Debt+Equity)	IRR
1	₹ 25,00,000	₹ 6,00,000	₹ 0	₹ 6,32,325	₹ 26,43,696	5.75 %
2	₹ 20,11,371	₹ 6,00,000	₹ 6,32,325	₹ 13,40,529	₹ 28,38,840	6.56 %
3	₹ 14,98,311	₹ 6,00,000	₹ 13,40,529	₹ 21,33,717	₹ 30,93,315	7.36 %
4	₹ 9,59,597	₹ 6,00,000	₹ 21,33,717	₹ 30,22,088	₹ 34,16,037	8.12 %
5	₹ 3,93,948	₹ 4,00,000	₹ 30,22,088	₹ 38,14,199	₹ 38,15,441	8.82 %
6	₹ 1,243	₹ 0	₹ 38,14,199	₹ 42,71,903	₹ 42,73,207	9.35 %
7	₹ 1,305	₹ 0	₹ 42,71,903	₹ 47,84,531	₹ 47,85,901	9.72 %
8	₹ 1,370	₹ 0	₹ 47,84,531	₹ 53,58,675	₹ 53,60,113	10.00 %
9	₹ 1,438	₹ 0	₹ 53,58,675	₹ 60,01,716	₹ 60,03,226	10.22 %
10	₹ 1,510	₹ 0	₹ 60,01,716	₹ 67,21,922	₹ 67,23,507	10.40 %

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