

## STP Comprehensive Calculator

Mr. A, a cautious investor, approached a mutual fund distributor(MFD), intending to invest ₹25 Lacs for 10 years. Concerned about the volatility associated with equity funds, he sought advice on managing this risk. The MFD suggested implementing a Systematic Transfer Plan (STP) to balance his investment between debt and equity funds.

MFD Explained how it works. The entire amount will be invested in a debt fund, which offers a relatively stable return of 5%. Gradually, on a weekly basis, ₹50,000 from debt fund would be transferred into an equity fund, which has a higher potential return of 12%.

Mr. A wanted to understand the potential value of his investment after 10 years, given the specific return rates for the debt and equity funds. He also sought to determine the annualised return on investment at the end of the 10-year period.

### STP Comprehensive For Mr. A

Initial Investment	₹ 25,00,000	
Investment Period	10 Years	
Assumed Rate Of Return	Debt Fund	5.00 %
	Equity Fund	12.00 %
Transfer Mode	Fixed Amount	
Transfer Frequency	Weekly	
Each Transfer Amount	₹ 50,000	
No. of Instalments	50	

### Projected Future Value

Debt Fund Value	₹ 95,911
Equity Fund Value	₹ 73,48,509
Total Fund Value	₹ 74,44,420
Annualised Returns	11.53 %

## Projected Annual Investment Value

Year	Debt Fund Value at the Beginning of Every Year	Transfer to Equity Every Year	Equity Fund Value at the Beginning of Every Year	Equity Fund Value at the End of Every Year	Total Value at the End of Every Year (Debt+Equity)	Annualised Returns
1	₹ 25,00,000	₹ 25,00,000	₹ 0	₹ 26,49,946	₹ 27,11,771	8.47 %
2	₹ 61,825	₹ 0	₹ 26,49,946	₹ 29,67,940	₹ 30,32,856	10.14 %
3	₹ 64,917	₹ 0	₹ 29,67,940	₹ 33,24,092	₹ 33,92,255	10.71 %
4	₹ 68,162	₹ 0	₹ 33,24,092	₹ 37,22,983	₹ 37,94,554	11.00 %
5	₹ 71,570	₹ 0	₹ 37,22,983	₹ 41,69,741	₹ 42,44,890	11.17 %
6	₹ 75,149	₹ 0	₹ 41,69,741	₹ 46,70,110	₹ 47,49,017	11.29 %
7	₹ 78,906	₹ 0	₹ 46,70,110	₹ 52,30,524	₹ 53,13,375	11.37 %
8	₹ 82,852	₹ 0	₹ 52,30,524	₹ 58,58,187	₹ 59,45,181	11.44 %
9	₹ 86,994	₹ 0	₹ 58,58,187	₹ 65,61,169	₹ 66,52,513	11.49 %
10	₹ 91,344	₹ 0	₹ 65,61,169	₹ 73,48,509	₹ 74,44,420	11.53 %

\*The above is for illustration purpose only. Report Date : 25/04/2024