STP Need Based Ready Reckoner

Mr. A, a strategic investor with a keen interest in optimizing his investment returns, approached a mutual fund distributor(MFD) for advice. The MFD suggested implementing a Systematic Transfer Plan (STP) to achieve his investment goals. Mr. A decided to initially invest in a debt fund and periodically transfer the capital appreciation portion to an equity fund.

To find the best investment strategy, Mr. A wants to look at different return rates for both debt and equity funds over various time periods. His goal is to grow his investment to ₹50 lacs.

Assumptions:

Three different return scenarios are considered:

Debt: 5%, Equity: 10%
Debt: 6%, Equity: 12%
Debt: 7%, Equity: 15%
Investment horizons include 5, 10, 15, 20, and 25 years.

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For Mr. A

Target Amount	₹ 50,00,000
Transfer Mode	Capital Appreciation

Initial Investment Required

Rate of Return		STP Period (Years)				
Debt	**Equity**	**5**	**10**	**15**	**20**	**25**
5.00%	10.00%	₹ 38.11	₹ 27.56	₹ 19.06	₹ 12.73	₹ 8.30
6.00%	12.00%	₹ 35.94	₹ 24.04	₹ 15.18	₹ 9.20	₹ 5.43
7.00%	15.00%	₹ 33.60	₹ 20.24	₹ 11.25	₹ 5.94	₹ 3.05

(₹ in Lacs)