Investing at market peaks or troughs have no significant impact on XIRR over the long term

Last SIP date: 1 Oct 2023

SIP start date	Invested corpus (in ₹)	Investment value as of 30 Oct 2023 (in ₹)	Portfolio XIRR (in %)	Absolute returns (in %)
2008 market peak	19,00,000	55,98,000.23	12.52	195
2008 market bottom	17,90,000	50,31,434.54	12.79	181
2020 market peak	4,60,000	5,95,542.45	13.55	29
2020 market bottom	4,30,000	5,60,390.79	14.92	30

Source: Mint research

To test the impact of Trigger SIPs on portfolio XIRR, we will establish conditions and parameters for performance measurement.

SCENARIO 1: Whenever nifty falls by **5%** or more on a month-on-month basis, we double our SIPs for the upcoming month.

SCENARIO 2: Whenever nifty falls by **10%** or more on a month-on-month basis, we invest a lump sum of ₹1,00,000
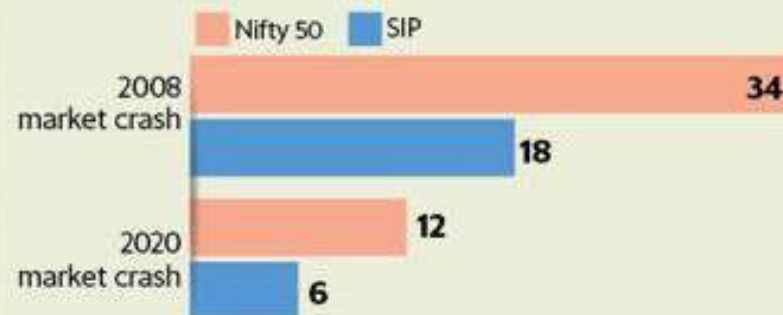
SCENARIO 3: Whenever nifty PE* falls into 1st quartile, we increase our SIPs by **20%** for the upcoming month.

SIPs beat indices while pulling back from a fall

Time to recover after a market crash (in months)

Nifty 50   SIP

- 2008 market crash — Nifty 50: **34**, SIP: **18**
- 2020 market crash — Nifty 50: **12**, SIP: **6**

*₹1,000 monthly SIP in Nifty 50 TRI

SIP: Systematic Investment Plans
XIRR: Extended internal rate of return

Source: Edelweiss AMC

SIP start date 1 Jan 2000   **Last SIP date** 1 Oct 2023

Scenario	Invested corpus (in ₹)	Investment value as of 30 Oct 2023 (in ₹)	Portfolio XIRR (in %)	Absolute returns (in %)	Increase in final corpus (in ₹)
1	32,30,000	2,45,60,840.66	14.24	660	39,20,602.55
2	42,10,000	3,78,17,528.59	14.14	798	1,71,77,290.47
3	29,92,000	2,25,69,645.24	14.31	654	19,29,407.13

*P/E quartiles adjusted as NSE used trailing four quarters standalone earnings from inception till March 2021. Starting April 2021, NSE uses consolidated earnings for the Price-Earnings calculation.

Source: Mint research

OBSERVATION: As seen in the above scenarios, the portfolio XIRR doesn't change substantially even when we use use different trigger-based SIP strategies. An investor who wants to grow his final corpus should be looking to invest during downturns.

Trigger SIPs do not work unless the incremental capital invested is large enough to reduce the average purchase cost of the asset/fund.