

# Magic of compounding: Monthly SIP of ₹8,000 in this scheme would have accumulated ₹3 crore

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TL;DR.

If you had invested ₹8,000 in SIP consistently in JM Value Fund since the launch of this scheme in 1997, it would have accumulated to nearly ₹3.38 crore



JM Value Fund has delivered a return of 15.72% CAGR since its inception.

Just like any other magic, the [magic of compounding](#) must be seen to believe it. When you make an investment in a mutual fund scheme, it initially grows at a slow pace. But when that sum continues to swell year after year, the pace of wealth accumulation accelerates during the later years as compared to initial ones.

In other words, the pace of wealth generation becomes swifter during the later years because the compounding steps in. This, in other words, is known as the magic of compounding.

Let us understand this with the help of an example. JM Value Fund was launched on June 2, 1997. In the next 25 years and 9 months until March 31, 2023, the scheme gave the CAGR (compound annual growth rate) return of 15.72 percent per annum, as showed by JM Financial Mutual Fund data [here](#).

This means if someone was investing a sum of ₹8,000 every month in form of SIP (systematic investment plan) consistently, it would have grown to ₹3.38 crore based on the rate of return mentioned above.

By following the monthly SIP of ₹8,000 per month, one would have invested only ₹24.72 lakh in 25 years.

Sounds incredible, but true. This can be made possible by the [power of compounding](#).

Time	Investment: A	Accumulated sum: B	Wealth generation (B-A)
10 years	₹9,60,000	₹23,30,816	₹13,70,816
15 years	₹14,40,000	₹58,21,341	₹43,81,341
20 years	₹19,20,000	₹1,34,42,652	₹1,15,22,652
Since inception	₹24,72,000	₹3,38,98,584	₹3,14,26,584

(Source: [jmfinancialmf.com](#); CAGR returns of 15.72% since inception were assumed for other tenures too)

As shown in the table above, when an investment of ₹8,000 is made via SIP for 10 years in a fund, the sum accumulates to ₹23.30 lakh while investment stands at only ₹9.6 lakh, i.e., total wealth generation of ₹13.70 lakh.

Similarly, an SIP of same amount is made for 15 years, it would have accumulated ₹58.21 lakh by investing only ₹14.40 lakh. In a span of 20 years, a regular investment of ₹8,000 per month would have accumulated ₹1.34 crore, thus adding wealth by ₹1.15 crore.

And since inception, a regular investment of ₹8,000 would have accumulated ₹3.38 crore in total while the total investment would come to around ₹24.72 lakh.

## About the value fund

JM Value Fund is an open-ended equity scheme following a value investment strategy and was launched on June 2, 1997. One can make a minimum investment of ₹5,000 in this scheme.

The additional purchase can be made of ₹1,000 or any amount thereafter.

And if redeemed within one year of transfer or allotment of units, the fund would carry one percent of NAV (net asset value) on all investments including SIP, STP and SWP. The benchmark index is BSE 500 TRI.

The fund has two plans of investment namely direct and regular, and is offered in both the options of growth, and IDCW (income distribution cum capital withdrawal).

The fund is managed by Satish Ramanathan (primary) and Asit Bhandarkar (secondary).