The most preferred way to invest money is systematic investment plan. It is not an investment but a way to investment in mutual funds. Long term investors like to invest the money through SIP as it takes care of few matters by default.

The best reason for SIP is taking care of market volatility. Because SIP is a long term investment tool so it takes care of the market volatility and invests the money on a regular interval. It also has the option of direct debit from the bank and investors do not have to give the cheque every month.

Depending upon the risk profile of the investor, the financial advisor should take a call. It is good if an investor takes slow route rather than aggressive route if he does not know about the underlying risks.

If person is investing in SIP for the first time, it is important to balance his/her portfolio with right mix of equity and debt. After certain time, depending upon the confidence of the investor and accumulation of the wealth, the debt SIPs should discontinue and equity SIPs should start. Over a period of last twenty years, we witnessed that equity had given best returns among all asset class including real estate. But as an investor point view, we should remember that equity leads to volatility and losing money from first day can dent the confidence of the investor. But it not always true for all the investor. If an investor is young and know that SIP is a long term wealth creation tool then definitely all equity SIPs are good for him/her.

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