

Lumpsum Investments Vs SIP; the best option

Lumpsum or systematic investment, which one is best for any investor do not have any specific answer. Few financial advisors believe that SIP is better than lumpsum in equity market where some believe the opposite. There are equally good arguments about lumpsum and the SIPs. But they have their merits and demerits.

Investment in mutual fund is rather confusing than fast. Both are equally exciting but the investment pattern mostly depends on cash flows. If an investor has cash surplus then he can invest in one where SIP is a regular process. Commonly people consider SIP is a better model than lumpsum investment.

SIP is the best plan for the people who have a regular steady income. They can invest the amount regularly without any influence but through a regular process. This process is very good for the young investors. They can invest a small amount over a long period of time. To get a good return an investor either needs to increase the amount or increase the time horizon. So an early start of SIP is good enough to meet the investor's long term goal.

Lumpsum investment is good for the investors who are seasoned. Seasoned investors understand the market better than newcomers. They usually are not fearful of investing the money when the market goes through a correction or the valuation attracts them. It is also good for those investors who do not have regular cash flows.

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