

FINANCIAL DETERMINANTS OF MUTUAL FUND INVESTMENT DECISIONS: AN EMPIRICAL STUDY

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1.1 Background

Market participants must embrace innovation, adjust to shifting market dynamics, and take a proactive approach to risk management and governance. This includes everything from technical advancements and regulatory compliance to geopolitical risks and sustainable finance. Businesses may negotiate the complexity of international financial markets and take advantage of chances for expansion and innovation in a connected world by remaining informed, utilising technology, and working with stakeholders.

1.2 Need for the Study

to examine mutual fund performance from the perspective of investors.
to assist investors in making product selections and comprehending the risk involved in mutual fund schemes.
to enhance performance and assist the organization in comprehending investor expectations.
to comprehend the pattern of risk and return that investors anticipate.

1.3 Objectives

Primary: To evaluate mutual fund performance from the viewpoint of investors.
to determine investors' knowledge about mutual funds.
to ascertain the holding periods of investors.
to ascertain the degree of risk connected to different programs.
to investigate the risk and return expectations of investors.
to offer recommendations for investing in mutual funds.

1.4 Research Design

The source reports convenience sampling and characterises the work as descriptive research. 180 responders make up the sample size employed in the analysis. A questionnaire was used to gather primary data, which was backed up by secondary data. The project identified the following analytical tools: correlation coefficient, weighted average, chi-square, interval estimation, and percentage analysis.

The View of Investors Regarding Mutual Funds | Condensed Analytical Report

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2. RESPONDENT PROFILE – DESCRIPTIVE ANALYSIS

2.1 Gender

Gender	Respondents	%
Male	140	77
Female	40	23

Analysis: With 77% of respondents being men and 23% being women, the sample is predominantly male. As a result, this sample makeup should be taken into consideration when interpreting the overall perception results, which show a greater male representation.

2.2 Age

Age group	Respondents	%
Below 18	18	10
19–25	37	20
26–35	56	32
36–45	46	26
Above 45	23	12

Analysis: 26–35 years old make up the largest group (32%), followed by 36–45 years old (26%). As a result, 58% of the sample is between the ages of 26 and 45. This suggests that a sizable portion of respondents in economically active age groups are included in the study.

2.3 Marital Status

Status	Respondents	%
Married	150	83
Unmarried	30	17

Analysis: Eighty-three percent of the respondents are married. This suggests that when analysing the investment choices noted in the study, household and family-oriented financial factors can be especially important.

2.4 Occupation

Occupation	Respondents	%
Professional	30	16.5
House wife	20	12
Business men	50	28.5
Private employees	40	20
Students	20	11.5
Others	20	11.5

Analysis: At 28.5%, businesspeople make up the largest occupational category, followed by private workers at 20%. 16.5% are professionals. As a result, there is a noticeable concentration of self-employed and economically active respondents in the investor profile.

3. INCOME, AWARENESS AND INVESTOR PERCEPTION

3.1 Annual Income

Income level	Respondents	%
Below ₹1,00,000	15	9
₹1,00,001–3,00,000	50	28
₹3,00,001–5,00,000	52	29
₹5,00,001–7,00,000	38	22
Above ₹7,00,000	25	12

Analysis: The largest income category is ₹3,00,001–5,00,000 at 29%, followed by ₹1,00,001–3,00,000 at 28%. Together, these two groups account for 57% of respondents. The project therefore represents a sample concentrated in middle-income categories.

3.2 Sources of Mutual Fund Awareness

Source	Respondents	%
Newspaper	44	24
Television	52	29
Stock brokers/agents	54	30
Friends	30	17

Analysis: Stock brokers/agents are the leading awareness source (30%), narrowly ahead of television (29%) and newspapers (24%). Friends account for 17%. This suggests that intermediary-based communication remains important in the surveyed population.

3.3 Investors' Perception of Mutual Funds

Perception	Respondents	%
High return	52	30
Low risk	38	20
Moderate	45	25
High risk	37	20.5
Low return	8	4.5

Analysis: The most common perception is 'high return' at 30%, followed by 'moderate' at 25%. A further 20% perceive mutual funds as low risk, while 20.5% perceive them as high risk. Only 4.5% perceive low return. The distribution indicates that investors do not have a single uniform risk perception; however, return potential is the most prominent positive perception.

3.4 Advisory Support

Interested in advisor help	Respondents	%
Yes	128	71
No	52	29

Analysis: 71% of investors are interested in receiving help from financial advisers. This is a strong indication that professional guidance is valued by the respondents when making mutual fund decisions.

4. RISK-RETURN EXPECTATIONS AND INVESTMENT MOTIVATIONS

4.1 Expected Risk-Return Pattern

Expectation	Respondents	%
Low risk & Low return	48	27
Low risk & Moderate return	57	32
Moderate risk & Moderate return	45	25
High risk & High return	30	16

Analysis: The largest segment (32%) expects low risk with moderate return. Another 27% prefer low risk with low return. Hence, 59% of respondents favour low-risk alternatives, with the largest group seeking a moderate return. Only 16% select the high-risk/high-return combination. This indicates a predominantly risk-conscious orientation.

4.2 Reasons for Preferring Mutual Fund Investment

Factor	Weighted average	Rank
Rate of return	37	2
Risk diversification	33.5	5
Security	38	1
Tax benefit	35	4
Capital appreciation	36.5	3

Analysis: Security receives the highest weighted-average score (38) and first rank. Rate of return ranks second (37), capital appreciation third (36.5), tax benefit fourth (35), and risk diversification fifth (33.5). The ranking is important because it shows that investors in this sample value capital protection/security more strongly than diversification as a stated reason for choosing mutual funds.

4.3 Key Analytical Interpretation

The strongest stated motivation is security, not maximum return.

Return remains important, but it follows security in the ranking.

Risk diversification receives the lowest rank among the five listed factors, despite diversification being a core mutual fund feature described in the study.

The combination of the perception table and risk–return table points to a cautious investor mindset: respondents recognise return potential but prefer controlled risk.

5. PRODUCT PREFERENCE, COMPANY PREFERENCE AND RISK AWARENESS

5.1 Mutual Fund Company Preference

Mutual fund company	Respondents	%
Aditya Birla Sun Life	52	29
ICICI	48	26
Reliance	35	20
SBI	28	15.5
Kotak	17	9.5

Analysis: According to the survey, Aditya Birla Sun Life is the most favoured company (29%), followed by ICICI (26%). There is just a three percentage point difference between the first two options, suggesting that competition within the sample is rather close. Following at 20%, 15.5%, and 9.5%, respectively, are Reliance, SBI, and Kotak.

5.2 Awareness of Risk Factors

Risk-factor awareness	Respondents	%
Yes	158	88
No	22	12

Analysis: 88% of respondents report awareness of mutual fund risk factors, while 12% do not. The result is encouraging from an investor-education perspective, although awareness should not automatically be interpreted as deep understanding of risk.

5.3 Holding Period

Holding period	Respondents	%
Less than 1 year	47	26
1–3 years	45	25
3–5 years	47	26
More than 5 years	41	23

Analysis: Less than one year and 3–5 years each account for 26%, while 1–3 years accounts for 25%. More than five years accounts for 23%. The distribution is fairly balanced, but the source report highlights the shorter holding periods as prominent.

5.4 Scheme Preference

Scheme	Respondents	%
Hybrid	55	31
Equity	65	36
Debt	60	33

Analysis: Equity funds are preferred by 36%, debt funds by 33%, and hybrid funds by 31%. The three categories are relatively close, although equity is the leading preference. This suggests that respondents seek growth potential while still maintaining interest in debt and hybrid alternatives.

6. STATISTICAL ANALYSIS – CHI-SQUARE AND CORRELATION

6.1 Holding Period × Mutual Fund Scheme Preference

Scheme / Holding period	<1 yr	1–3 yrs	3–5 yrs	>5 yrs	Total
Hybrid	16	13	14	12	55
Equity	14	18	15	18	65
Debt	17	14	18	11	60

Total	47	45	47	41	180
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Using the 3×4 contingency table supplied in the project, the Pearson chi-square statistic is 2.935 with 6 degrees of freedom and $p = 0.8170$. At the 5% significance level, the result is not statistically significant.

Interpretation: The evidence does not support a significant association between holding period and preferred mutual fund scheme in this sample. In practical terms, the preference for equity, debt or hybrid funds does not appear to vary systematically with the reported holding-period category.

Decision on hypothesis: H_0 is retained (no significant relationship), consistent with the conclusion recorded in the source project.

6.2 Type of Investment – Goodness-of-Fit

Investment type	Observed
Bank deposit	44
Gold / silver	58
Shares / debentures	28
Real estate	36
Others	14

The source concludes that there is a substantial difference while stating H_0 : no significant variation among the favoured investment kinds. $\chi^2 = 30.444$, $df = 4$, $p < 0.001$ is the result of recalculating the one-way goodness-of-fit test against equal anticipated frequencies. As a result, an equal-frequency null model supports the source conclusion that investing preferences differ significantly.

6.3 Correlation Evidence Reported in the Project

According to the original study, there is a positive association between age group and annual income level, with a Karl Pearson correlation value of 0.87. The given coefficient should be interpreted as the project's reported grouped-data result rather than a respondent-level correlation since the source provides grouped category counts rather than respondent-level paired observations.

7. ADVANCED PERCEPTION ANALYSIS AND OVERALL EVALUATION

7.1 Preference for Mutual Fund Investment

Preference	Respondents	%
Yes	162	90
No	18	10

Analysis: 10% of respondents disagree, with 90% saying they prefer investing in mutual funds. This is one of the study's strongest indications of a good attitude and lends credence to the general finding that investors surveyed have a favourable view toward mutual funds.

7.2 Factors Influencing Mutual Fund Selection

Selection factor	Weighted average	Rank
Goodwill	38.4	1
Past performance	37	2
Market updates	36	3
Returns	34.4	4
Brand image	34.2	5

Analysis: With a weighted average of 38.4, Goodwill comes in first. Second place goes to past performance (37), followed by market updates (36), returns (34.4), and brand image (34.2). The outcome implies that brand image alone is not as important as trust and accumulated reputation, or "goodwill."

7.3 Perception of Regular Returns

Response	Respondents	%
Strongly Agree	47	26
Agree	65	36
Undecided	32	18
Disagree	22	12
Strongly Disagree	14	8

Analysis: 62% of respondents agreed or strongly agreed that mutual funds contribute to consistent returns (26% + 36%). Merely 20% disagree or strongly disapprove. Although 18% are still unsure, the results show that most people have a positive opinion of mutual funds' capacity to generate returns.

7.4 Overall Rating of Mutual Funds in India

Rating	Respondents	%
Best	64	36
Good	52	29
Satisfactory	46	25
Bad	18	10

Analysis: 36% think mutual funds are the greatest, 29% think they're good, 25% think they're sufficient, and 10% think they're awful. As a result, 65% give a favourable evaluation of "best" or "good." The study's conclusion that investors have a favourable opinion is supported by the overall rating.

8. INTEGRATED FINDINGS AND MANAGERIAL INTERPRETATION

8.1 Major Empirical Findings

- Of the respondents, 77% are men, 83% are married, and 32% are in the 26–35 age range.
- The greatest income category is ₹3,00,001–5,00,000 (29%), while the largest occupational group is business people (28.5%).
- The most common source of awareness is stock brokers and agents (30%).
- The most common perception of mutual funds is high return (30%), although the risk-return assumption is primarily conservative.
- 71% of respondents seek financial advisors' assistance, showing a need for direction.
- The most popular justification for choosing mutual funds is security, which is followed by rate of return.
- According to the survey, Aditya Birla Sun Life is the most favoured mutual fund provider (29%).
- 88% of respondents say they are aware of risk factors.
- While debt and hybrid funds have similar preferences, equity funds have the greatest plan choice (36%).
- 90% of respondents favour investing in mutual funds, demonstrating widespread acceptability.
- The most important selection criterion is goodwill, which is followed by prior performance.
- 62% of respondents agree or strongly agree that mutual funds yield consistent returns.
- In India, 65% of people think mutual funds are good or the best.

8.2 Integrated Interpretation

Risk awareness and an optimistic outlook are clearly combined, according to the findings. Although most investors accept mutual funds and are aware of their potential returns, security is their primary driving force. The discovery that the greatest risk-return segment looks for low risk with moderate reward supports this.

Another important factor is advisory support: almost three-fourths of respondents want help from financial advisers. This suggests that risk assessment, product description, and investor education may be crucial service elements. However, 88% of respondents say they are aware of risk, indicating that the problem is not just raising awareness but also enhancing the calibre and breadth of investment knowledge.

An essential qualification is added by the statistical analysis: in the provided cross-tabulation, scheme choice is not substantially correlated with holding period. Consequently, it is not appropriate to assume fund-category preference.

8.3 Alignment with Study Objectives

Investor perception: predominantly positive.

Awareness: high, especially regarding risk factors.

Holding period: distributed across all four categories.

Risk and return: strong preference for lower risk and moderate return.

Suggestions: should focus on investor-specific risk profiling, transparent communication and advisory support.

9. RECOMMENDATIONS, CONCLUSION AND ANALYTICAL SUMMARY

9.1 Recommendations

1. Adopt product suggestions tailored to individual investors based on their age, occupation, income, financial objectives, and risk tolerance.
2. Expand investor education regarding the distinction between real risk assessment and risk awareness, particularly for equity-oriented schemes.
3. Since 71% of respondents indicated interest in advisory support, leverage financial advisers as a crucial route.
4. Communicate predicted returns, volatility, fees, liquidity, and investment horizon in an easy-to-understand manner.
5. Retain a solid reputation and level of trust since goodwill was ranked top among the factors used to choose mutual funds .strategies that are focused.
6. Financial advisers are a vital resource because 71% of respondents expressed interest in advising support. When talking about equity-oriented funds, emphasise long-term suitability rather than short-term return expectations.
7. Create communication plans using newspapers, television, and stock brokers/agents since these are the sample's primary awareness channels.
8. Instead of addressing investors as a single market, apply segmentation techniques for businesspeople, private employees, and other occupational groupings.
9. Consider the observed inclination for security and moderate returns when designing products and advice messaging.
10. Keep innovating and educating investors, but refrain from implying that mutual funds ensure consistent returns. Since 71% of respondents indicated interest in advisory support, leverage financial advisers as a crucial route..

9.2 Conclusion

The 180 respondents to the study on investors' perceptions of mutual funds had a generally positive opinion. The 90% preference for investing in mutual funds and the 65% favourable overall assessment of mutual funds in India provide the greatest evidence. Additionally, investors exhibit a strong desire in expert guidance and a significant understanding of risk risks.

However, the data also shows that aggressive risk-taking does not equate to favourable perception. When it comes to investment incentives, security is the most important factor, and the most typical combination is low risk and moderate return.

Low risk and modest return are the most common combination.

The report is supported by statistical evidence: the investment-type goodness-of-fit result confirms significant differences among the preferred investment avenues under an equal-frequency benchmark, while the holding-period versus scheme-preference chi-square test shows no significant relationship. Additionally, a positive age-income correlation of 0.87 is reported by the original experiment.

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