International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

A STUDY ON INVESTMENT PATTERNS AND PREFERENCES IN MUTUAL FUNDS

Annasaram Ankitha
II MBA, Malla Reddy Engineering College(A),
Hyderabad, Email: ankithareddy989@gmail.com
Dr. N. Ramanjaneyulu
Professor & Head, Department of MBA, Malla Reddy Engineering College (A), Hyderabad, E-mail: ramanjimba09@gmail.com

ABSTRACT

The performance of several mutual fund investment strategies, such as lump sum investments, Systematic Investment Plans (SIPs), value averaging, and periodic portfolio rebalancing, is investigated in this study. Depending on investment objectives and market conditions, each pattern displays distinct risk-return characteristics and applicability. In bull markets, lump sum investments can generate larger returns, but because of market timing, they also involve a higher risk. SIPs are perfect for long-term objectives because they provide disciplined investing and reduced risk through rupee-cost averaging. In volatile markets, value averaging may perform better than SIPs, but it needs to be actively managed. Regular rebalancing enhances risk-adjusted returns and preserves asset allocation. According to the data, mutual fund investing outcomes are improved by a structured approach that is in line with investor risk tolerance and market perspective, even though no single strategy is always better.

Key Words: Mutual Funds, SIP’s, Stock Market.

INTRODUCTION

A mutual fund is an investment business that invests in a range of securities, including stocks, bonds, and money market instruments, by pooling the money of its shareholders. Depending on the entire market value of the fund's investment portfolio at the time of redemption, the majority of open-end mutual funds are prepared to purchase back (redeem) their shares at their current net asset value. New shares are regularly offered to investors by the majority of open-end mutual funds. To distinguish it from a closed-end investment company, it is also referred to as an open-end investment company. To achieve their stated investment goal, mutual funds invest the combined money of numerous investors. Mutual funds are always available to sell and redeem their shares at the current net asset value, which is calculated by dividing the total assets of the fund by the number of existing shares.

LITERATURE REVIEW

(Rakesh 2013). In North Coastal Andhra Pradesh, India, the author describes the investment behavior and attitudes of male and female investors in the mutual price range.

Four hundred buyers from a wide range of age groups, income brackets, and educational levels were questioned. The findings suggest that investor preferences and actual investment performance are connected, which influences the investors' future investment choices. Chance tolerance phases have been found to be influenced by demographic factors such as age and gender.

Zafar, A. S. (2013). Through a study of 125 buyers from a variety of demographic backgrounds, the author discusses investment options and attitudes of mutual funds in India. Investment decisions have been found to be influenced by factors such as risk-return profile, overall performance, and advice from financial experts.

Kumar (2012). The investment habits of two hundred Indian mutual fund purchasers are discussed by the author. Important conclusions include how much weight is given to return, liquidity, safety, and diversification while investing in mutual funds.The study also examines the respondents' overall performance evaluation criteria, time horizons, timing of investments, and character-smart, sector-clever, and scheme-sensible investment patterns.

(Ananth & Selvamathi, R.). According to a survey conducted in Kathmandu Metropolitan City, investors prioritize safety, growth, and liquidity over moderate risk and are reluctant to engage in mutual funds. The majority of respondents had bachelor's or master's degrees, were male, between the ages of 30 and 45, and worked for themselves or for a business. Investors' choices for asset management and investments did not differ significantly, according to the survey.

(Linge, A. A., Singh, S., & Kakde, B. B. (2022). According to the author's analysis of retail purchasers' preferences for equity mutual fund schemes in India, multi-cap budgets are preferred over small-cap budgets, and SIP mode and annual returns over 20% CAGR are preferred.

NEED FOR THE STUDY

Since mutual funds are becoming more and more popular among individual investors, it is essential to comprehend how various investment techniques affect returns. Choosing between lump sum investments, systematic investment plans (SIPs), or more dynamic strategies like value averaging and portfolio rebalancing can be difficult for many investors. It is crucial to assess which patterns provide higher returns with manageable risk levels because to market volatility, shifting economic situations, and a variety of investor objectives. To help investors make well-informed decisions that fit their risk tolerance and financial goals, this study is necessary to shed light on the relative success of certain investing strategies. Additionally, it seeks to assist financial advisors in suggesting appropriate tactics depending on investor profiles and market behavior.

SCOPE OF THE STUDY

The performance of several mutual fund investing patterns, such as lump sum investments, Systematic investing Plans (SIPs), value averaging, and periodic rebalancing schemes, is the

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

main emphasis of this study. It takes into account their effects on returns, risk exposure, and suitability for various investor types over both short- and long-term timeframes. Although the study only looks at equities' mutual funds, the concepts might be applied to balanced or hybrid funds as well. It uses behavioral insights, risk-return comparison, and historical data analysis to assess how well these strategies work in various market scenarios. The results are intended to help governments, financial advisors, and individual investors better understand the real-world effects of each investment strategy and encourage more efficient investment planning.

OBJECTIVE OF THE STUDY

1. To research investors' knowledge about mutual funds.
2. To determine the factors that investors take into account when making mutual fund investments.
3. To examine the mutual fund investment schemes that investors prefer.

RESEARCH METHODOLOGY

Design of the Research:

Design of research: descriptive design
Sample design: I utilized basic random sampling for my investigation.
Sample Size: I have selected 102 samples for the sample size.
Information Gathering:
Primary Data: A questionnaire is used to gather primary data for the study.
Secondary Data: To gather accurate information and industry specifics about mutual funds, some secondary data was gathered from websites and the internet.

The analysis's statistical tools

Microsoft Excel is a widely used statistical tool for evaluating mutual fund investments due to its versatility and intuitive user interface. Among the statistical analyses that researchers can perform with its assistance are data organization, descriptive statistics, graphical representation, and statistical functions.

Methodology

Standardized questionnaires are distributed to individual participants as part of the study's methodology to collect data on their demographics, investment preferences, and risk tolerance. Descriptive analysis, which uses statistical software like Microsoft Excel to calculate metrics like mean, median, and frequency distributions, is then used to summarize and interpret the data. This approach enables the identification of trends and patterns in

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

investor behavior with respect to investments in mutual funds. **Statement of the problem:**

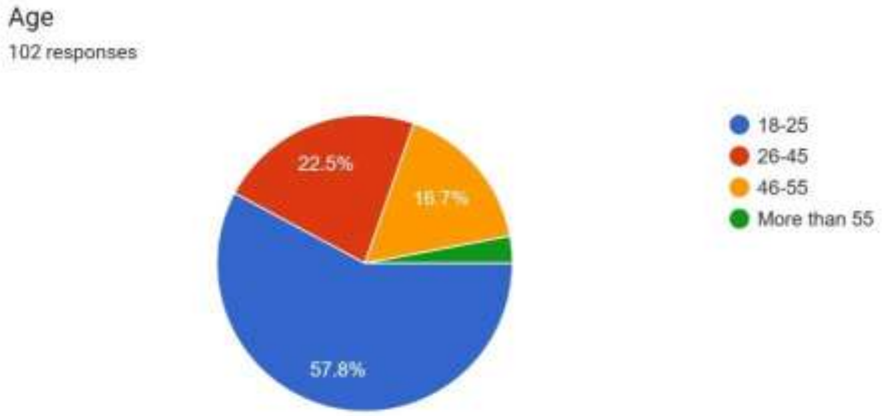
The study's problem statement centers on figuring out what factors affect mutual fund investors' decisions. It seeks to determine which mutual fund schemes are favored by various investor groups according to their financial objectives, length of time horizon, and risk tolerance.

The study will examine the effects of age, gender, wealth, and educational attainment on these choices and preferences. Along with behavioral elements like fear of losing money and following trends, it will also take into account logical factors like predicted returns and liquidity. Investor awareness of mutual fund products and associated hazards is another important area of focus.

DATA ANALYSIS AND INTERPRETATION

Table 1 : Age

	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	59	57.8	57.8	57.8
26-45	23	22.5	22.5	80.3
46-55	17	16.7	16.7	97.0
More than 55	03	3.0	3.0	100.0



International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

Figure 1 : Age

INTERPRETATION :

According to the above chart summary, 57.8% of respondents are between the ages of 18 and 25, while only 3% are older than 55.

Table 2: Annual income of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
No income	2	2.0	2.0	2.0
0-3.3 lakhs	31	30.4	30.4	32.4
3.5-5.5 lakhs	7	6.9	6.9	39.3
5.5-7.5 lakhs	36	35.3	35.3	74.6
7.59.54 lakhs	10	9.8	9.8	84.4
More than 9.5 lakhs	16	15.7	15.7	100.0

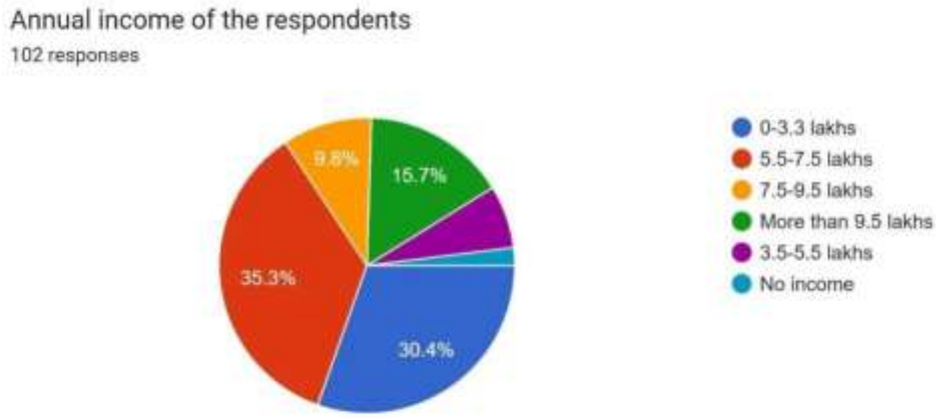


Figure 2 : : Annual income of the respondents

INTERPRETATION:

According to the following figure, 36 of the 102 respondents make between 5.5 and 7.5 lakhs, 31 make between 0 and 3.3 lakhs, and 16 make over 9.5 lakhs. Most responders had incomes between 5.5 and 7.5 lakh.

Table 3 : Do you regularly invest in mutual funds?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	73	71.6	71.6	71.6
No	29	28.4	28.4	100.0

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

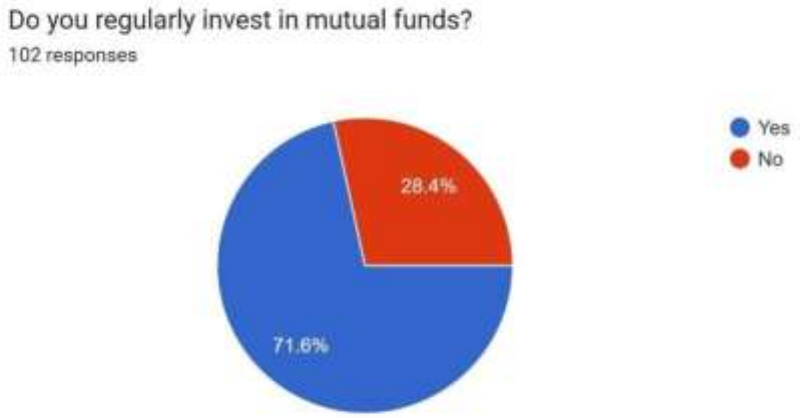


Figure 3 : Do you regularly invest in mutual funds?

INTERPRETATION:

Mutual funds are a popular investment choice, as evidenced by the survey's finding that 71.6% of participants routinely invest in them. Nonetheless, 28.4% do not, indicating a possible need for focused investing methods and financial education.

Table 4 : Which way of investment in mutual fund you select?

	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Lump sum	26	25.5	25.5	25.5
Systematic investment plan	76	74.5	74.5	100.0

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

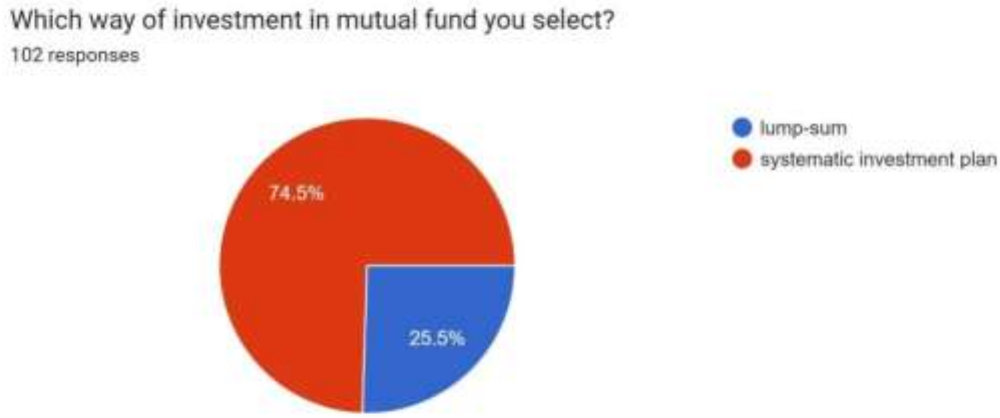


Figure 4: : Which way of investment in mutual fund you select?

INTERPRETATION:

According to the chart, the majority of people favor Systematic Investment Plans (SIPs) over mutual fund lump sum deposits. Just 25.5% of respondents selected lump sum investments, compared to 74.5% who selected SIPs.

Table 5 : What percentage of your earnings do you invest in mutual funds?

	Frequency	Percent	Valid Percent	Cumulative Percent
Upto 10%	22	21.6	21.6	21.6
Upto 25%	74	72.5	72.5	94.1
Upto 50%	5	4.9	4.9	99
Above 50%	1	1	1	100.0

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

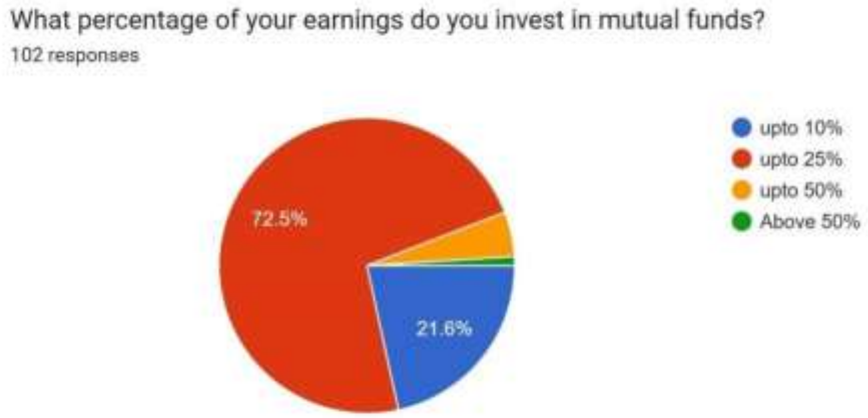


Figure 5 : : What percentage of your earnings do you invest in mutual funds?

Interpretation:

According to the graphic, the majority of people invest up to 25% of their income (72.5%) in mutual funds. A smaller percentage invests up to 10% (21.6%), up to 50% (4.9%), and over 50% (1.1%).

Findings

1. A total of 102 respondents make up the study's sample, which focuses on investing in mutual funds.
2. Male responses make up a sizable majority (about 70%), suggesting a gender trend in investing activity.
3. The study found that businessmen make up the majority of investors, indicating that they are more likely to participate in mutual funds.
4. There is a noticeable segment of higher-income investors, as about 30% of respondents reported earning at least Rs 5 lakh.
5. About 80% of people have consistent investing habits, and many of them choose to make frequent investments in mutual funds.
6. For disciplined investing, the majority—roughly 75%—prefer systematic investment plans (SIPs) over lump-sum investments.

7. A growing reliance on digital information sources is seen in the fact that the majority of respondents primarily learn about mutual funds online.

SUGGESTIONS

1. To assist people in better understanding mutual funds and their dangers, improve investor education initiatives.
2. Create specialized trading plans for various investor demographics, with a focus on women and young investors.
3. improvement of digital platforms to help tier II and tier III cities' mutual fund investors. Urge the asset management firm to provide a variety of mutual fund choices that allow for various risk tolerances and investment goals.
4. assessing investor satisfaction with asset management firms and their offerings through the use of investor response techniques.
5. encouraging investors to adopt sustainable saving practices by promoting Structured Financial Plans (SIPs) as their preferred investment vehicle.
6. Plan conferences and workshops to increase knowledge about mutual funds and sensible spending plans.
7. Collaborate with financial advisors to offer investment suggestions that take into account each client's risk tolerance and financial objectives.

Conclusion

No single strategy ensures the maximum returns in every market scenario, according to a review of several mutual fund investment patterns. Although lump sum investments carry a high risk if made at the wrong time, they may yield greater returns during market upswings. Particularly for retail investors, SIPs offer a disciplined and well-balanced investing strategy that reduces market timing risks and promotes long-term wealth growth. In volatile markets, value averaging can perform better than SIPs, but it requires more active participation and oversight. By preserving the intended asset allocation and improving risk-adjusted performance, periodic rebalancing promotes portfolio stability. The investor's financial objectives, risk tolerance, and investment horizon ultimately determine the best course of action. The most reliable and long-lasting outcomes are frequently obtained by combining systematic investing with frequent portfolio reviews.

BIBLIOGRAPHY

1. Books

1. "Security Analysis and portfolio Management (second Edition) Punithavathy Pandian, 2013.
2. "Investment Analysis and Portfolio Management (Second Editon)" - Prasanna Chandra,2008.
3. "Indian Mutual Funds" - Sunder Sunkaran , 2018
4. "Price Action Trading" - Sunil Gurjar.

RESEARCH ARTICLES

- Bajracharya, R. B., & Mathema, R. B. (2017). A study of investors' preference towards mutual funds in Kathmandu Metropolitan City, Nepal. *Journal of Advanced Academic Research*, *4*(2), 130-138.
- Vyas, R. (2013). Factors influencing investment decision in mutual funds (with special reference to Indore city). *ZENITH International Journal of Business Economics & Management Research*, *3*(7), 276-290.
- Walia, N., & Kiran, R. (2009). An analysis of investor's risk perception towards mutual funds services. *International Journal of business and Management*, *4*(5), 106120.
- Kotishwar, A., & Khan, A. A. (2014). Investors behaviour towards mutual funds: An analytical study of selected investors of telangana region in andhra pradesh. *Sumedha Journal of Management*, *3*(3), 20-58.
- Mittal, P. (2020). Investors behaviour towards Indian mutual funds investment. **. International Journal of Management (IJM), 11(12).**

International Journal for Innovative Engineering and Management Research
PEER REVIEWED OPEN ACCESS INTERNATIONAL JOURNAL
www.ijiemr.org

WEBSITES

1. www.nseindia.com
2. www.investopedis.com
3. www.moneycontrol.com
4. www.sebi.gov.in
5. www.amfiindia.com
6. www.bseindia.com