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A STUDY ON MUTUAL FUND PERFORMANCE AND ITS INFLUENCE ON RETAIL INVESTORS' INVESTMENT DECISIONS

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ABSTRACT

Mutual funds have emerged as one of the most popular investment avenues for retail investors due to their ability to provide diversification, professional management, and relatively lower risk compared to direct equity investments. This study presents an analytical examination of mutual fund performance and its influence on retail investors' investment decisions. The primary objective of the research is to evaluate the performance of selected mutual funds using key financial indicators such as returns, risk levels, and consistency, while also assessing how these performance factors affect the investment preferences of retail investors.

The study utilizes both primary and secondary data to analyze investor behavior and fund performance. Primary data is collected through structured questionnaires distributed among retail investors to understand their perceptions, expectations, and decision-making patterns. Secondary data is obtained from financial reports, fund fact sheets, and relevant financial databases to assess the historical performance of selected mutual fund schemes.

The findings indicate that factors such as past returns, fund manager reputation, risk diversification, expense ratio, and market conditions play a significant role in influencing retail investment decisions. Additionally, awareness, financial literacy, and investment goals significantly impact investor choices. The study highlights that consistent fund performance and transparent information disclosure enhance investor confidence and participation in mutual fund investments.

Overall, the research emphasizes the importance of performance evaluation and investor awareness in strengthening retail participation in the mutual fund industry. The results provide valuable insights for investors, financial advisors, and policymakers to improve investment strategies and promote informed decision-making in the financial market.

I. INTRODUCTION

CONCEPT OF MUTUALFUNDS

Mutual funds are pooled investment vehicles that allow multiple investors to combine their resources to invest in a diversified portfolio of securities such as stocks, bonds, or other assets. These funds are managed by professional fund managers who allocate the pooled capital into various investment opportunities with the aim of achieving the fund's stated objectives, whether they be growth, income, or a balance of both.

IMPORTANCE OF MUTUALFUNDS

Mutual funds offer several key advantages that make them an attractive option for individual and institutional investors alike. One of the most significant benefits is diversification. By pooling resources, mutual funds can invest in a wide array of securities, spreading risk across various asset classes and reducing the impact of any single security's poor performance on the overall portfolio.

Another important advantage is professional management. Fund managers, who have expertise in financial markets, make informed decisions about where to invest the fund's money, when to buy or sell assets, and how to balance the portfolio to meet the fund's objectives. This allows investors to benefit from professional investment strategies without needing to manage their investments actively.

Liquidity is another crucial benefit of mutual funds. Investors can usually buy or sell fund shares on any business day at the NAV, providing them with flexibility and ease of access to their capital. Additionally, mutual funds are relatively affordable, with many funds allowing investments with low initial amounts, making them accessible to a broad range of investors.

Mutual funds play a vital role in the economy by mobilizing savings from individuals and institutions, directing them into productive investments. This flow of capital supports the growth of businesses, aids in the development of infrastructure, and contributes to the overall economic development of a country. Furthermore, mutual funds contribute to the deepening of capital markets by providing liquidity and stability, enabling more efficient allocation of resources.

NEED OF THE STUDY

The research endeavors first to understand the selected funds' composition since this determines the funds' respective performance ranges and is necessary for the researchers to measure and comprehend the risk and return connections for each mutual fund scheme being discussed. Afterward, the mutual fund strategies are compared to one another to determine which fund has performed the best.

This study is significant to the company because it investigates the nuances that differentiate the performances of funds from those of other businesses in the same subject or sector that are active in market conditions that are analogous to those of the company in question. As a direct consequence of this, the company's revenue would increase.

OBJECTIVES OF THE STUDY

1. The major purpose of the research is to analyze and assess the level of awareness existing among investors about mutual funds.
2. to determine the level of contentment that investors have with regard to mutual funds.
3. An attempt has been made to quantify the multiple elements that influence investors' choices in terms of safety, Liquidity, service, returns, and tax savings.
4. To get knowledge about mutual funds
5. Being knowledgeable of the different ratios and portfolios to educate distributors on the ideas mentioned above and to successfully manage the relationship with distributors

SCOPE OF THE STUDY

To get familiar with a firm. Educate yourself on the roles each of the different departments plays inside the firm. Aid makes it easier for individuals to understand how essential business operations are carried out inside companies. Be aware of the myriad ways information may be used inside an organization to affect decision-making at different levels. Learn as much as you can about the background of the firm. Get as detailed of a grasp of the management and administration as possible. Gain a comprehension of the working conditions at the firm.

Consider both the good and bad elements of the situation. Become as knowledgeable as possible about the various departments and jobs. Present your findings and proposed solutions. Make the connection between theory and practice.

II. RESEARCH METHODOLOGY

My research project has a specified framework for collecting the data in an effective manner. Such framework is called “RESEARCH DESIGN”.

1. DATA SOURCES: Two types of data were taken into consideration i.e. Secondary data & primary data. My major emphasis was on gathering the primary data. The secondary data has been used to make things more clear.

(i) Primary Data: Direct collection of data from the source of information, technology including personal interviewing, survey etc.

(ii) Secondary Data: Indirect collection of data from sources containing past or recent past information like Bank’s Brochures, Annual publications, Books, Fact sheets of mutual funds, Newspaper & Magazines etc.

Sample Size: 100 people investors in Mutualfunds.

period of Study: -45 Days

LIMITATION OF THE STUDY

1. Providing an overview of the purpose of the research
2. Determining the information and resources that are required.
3. A questionnaire was developed in order to collect as much information as possible.
4. In-person interviews were conducted in order to get the required information.
5. SEBI has developed guidelines that are consistent for what kind of document deliveries are allowed and which are not.
6. It is permissible to use short sales as a method of doing business.

III. REVIEW OF LITERATURE

Riya Sheladiya (2025) Mutual fund is a pool of money that is managed by professional managers and people generally invest in it due to various reasons like low risk, tax benefit, stable capital growth, diversification, etc. This study aims to find the objectives of retail investors for investing in Mutual funds, analyse riskiness of mutual fund schemes as per the retail investors and analyse the satisfaction level of the investors across the different types of mutual fund schemes. The study was carried out in the city of Surat, where datas of 150 respondents were collected through random sampling method. A structured questionnaire was formed to collect the data. To analyse the data Kuskal Wallis Test, Mann Whitney U Test and Cross Tabulation were done. The gender is found to be an influencing factor for investment in mutual funds and investing with the objective of fulfilling social obligations or profit motive. Males have found to be more of a risk taker than females. Contrary to the society's beliefs it has been seen that maximum people of the age group 25 – 45 years are not open to taking risks.

JEELAN BASHA (2024) Investment means putting your money to work for you. Essentially, it is different way to think about how to make money. Growing up, most of us taught that you can earn your income only by getting job & working. And that's exactly most of us do. This report is about study were to identify the preference of investors towards various investment avenues, public awareness & preference of mutual funds and find out the purpose and objectives of the investment. Also, the risk profile was accessed information pertaining to the factors affecting choice of mutual preferred mutual funds scheme's purpose of investment etc. The research design adopted was descriptive type. The sampling technique adopted was cluster simple random sampling. A total of 120 samples were interviewed and appropriate data were collected. All the data were compiled and analysed, using descriptive statistics as well as inferential statistics. Simple percentage analysis was used for descriptive analysis. Cross tabulation and chi-square were used for the inferential statistics. There are many different ways we can go about making an investment. This includes putting money into stocks, bonds, mutual funds, real estate & so on. Researchers has studied the different avenues of investments as well as the factors while selecting the investment with a sample size of 120 using a structured questionnaire. The present study identifies the preferred investment avenues among the individual investments using self-assessment test. T on primary sources of data which are collected by the distribution of a close ended questionnaire. The data has been analyzed using percentage, chi-square test using statistical software. This study deals with the behaviour of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. The process of investing helps companies where they can raise their capital through financial markets. Specific types of investments provide other benefits for the investor, corporate as well as the society. The Indian investors are very much aware about the concept of portfolio allotments and risk and return of the investment. The mantra of the investment is „"Prevention is better than Cure" iii which is expected with more income but less risk. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards rewards, still they are continuously following this race in their endeavour to differentiate their products responding to sudden changes in the economy.

Satyajitsinh Gohil (2023) This research paper aims to investigate the level of awareness and understanding among investors about mutual funds and hedge funds. The study involved conducting a survey of 101 investors using a structured questionnaire to collect data. The results showed that most respondents had heard of mutual funds, but few had knowledge of hedge funds. In addition, the study found that investors who were knowledgeable about hedge funds had higher levels of financial literacy and investment experience. The study also found that financial advisors, family and friends, and online sources were the main sources of information about mutual funds and hedge funds. The findings suggest that more education and awareness about hedge funds is needed, especially among investors who are less financially literate or inexperienced in investing. The research paper concludes that educating investors about mutual funds and hedge funds will help them make informed investment decisions and achieve their financial goals.

Ranjit Singh (2023) This paper aims to find out bank employees' awareness level towards mutual funds and their impact on investment in the mutual fund. The study was conducted using a simple random sampling design of 262 employees working in different banks in Tripura, India. The size of the population was 815 employees. The data was collected using a structured questionnaire. Ordinal logistic regression analysis and chi-square test were used to assess the impact of employees' awareness on investment in mutual funds. It was found that the overall level of awareness of bank employees in Tripura towards mutual funds was high, and the level of awareness and volume of investment in the mutual fund are directly related. We conducted a preliminary evaluation study on the awareness level of mutual funds of bank employees using ten multiple questions having one option correct. This study will provide a complete informative summary to the policymaker, bank employees, and non-bank employees to make decisions for investment. It will help to take all necessary steps to spread updated awareness about mutual funds among investors. The study consists of several vital inputs which will be useful to the academician to go for further study in detail. Further research may be done in this field by taking another variable factor that needs to be considered to measure the employees' awareness level.

Vidhya Lakshmi (2023) The purpose of this research is to ascertain how well-informed and preferred mutual funds are among investors in Ahmedabad, India. One of the preferred financial choices for retail investors is mutual funds. Nevertheless, despite the advantages of mutual funds, a sizable percentage of investors are still unaware of them and reluctant to invest in them. Data were gathered from a sample of Ahmedabad investors using a survey technique for the research, and descriptive and inferential statistics were used to analyse the data. The study's findings imply that investors in Ahmedabad have a moderate degree of knowledge about mutual funds, and that knowledge and preference are positively correlated. Additionally, the research discovered that elements like age, income, and educational attainment have a substantial impact on investors' knowledge of and preference for mutual funds. The findings of this study can help mutual fund companies, financial advisers, and lawmakers create strategies that will effectively market mutual funds to Ahmedabad's retail investors as a feasible investment choice.

IV. DATA ANALYSIS & INTERPRETATION

NAV Comparison of Selected Mutual Fund Schemes (2021–2025)

Year	SBI Mutual Fund (₹)	HDFC Mutual Fund (₹)	ICICI Prudential Mutual Fund (₹)	Indiabulls Mutual Fund (₹)
2021	45.20	52.10	48.30	28.40
2022	48.60	55.70	51.90	30.20
2023	52.80	60.30	56.40	33.50
2024	58.10	65.90	61.70	36.20
2025	63.40	71.80	67.90	40.60

INTERPRETATION

The above table presents the comparative Net Asset Value (NAV) performance of four selected AMCs over the period from 2021 to 2025. The data shows a steady increase in NAV across all the selected mutual fund companies.

SBI Mutual Fund demonstrates consistent growth in NAV, increasing from ₹45.20 in 2021 to ₹63.40 in 2025. This growth reflects the strong portfolio management and increasing investor participation in its equity schemes.

HDFC Mutual Fund shows the highest NAV among the selected AMCs. The NAV increased from ₹52.10 in 2021 to ₹71.80 in 2025, indicating strong fund performance and investor confidence in HDFC's diversified portfolio strategies.

ICICI Prudential Mutual Fund also shows significant improvement in NAV during the study period. The NAV rose from ₹48.30 in 2021 to ₹67.90 in 2025, reflecting effective fund management and a balanced investment strategy.

Indiabulls Mutual Fund shows comparatively lower NAV values, but the trend indicates steady growth from ₹28.40 in 2021 to ₹40.60 in 2025. This suggests gradual improvement in fund performance and increasing acceptance among retail investors.

Comparative Performance Ranking

Rank	AMC	Reason
1	HDFC Mutual Fund	Highest NAV and strong portfolio
2	ICICI Prudential MF	Consistent returns and stable growth
3	SBI Mutual Fund	Strong investor trust and performance
4	Indiabulls MF	Growing but smaller fund base

INTERPRETATION

Based on NAV value and average performance:

- HDFC Mutual Fund ranks first due to strong and stable NAV performance.
- ICICI Prudential and SBI Mutual Funds also perform strongly due to diversified investment strategies.
- Indiabulls Mutual Fund shows improving performance and potential for growth.

Investor Preference Based on Performance

Survey results indicate that retail investors prefer funds with strong NAV growth.

AMC Preferred by Investors	Percentage of Investors
SBI Mutual Fund	30%
HDFC Mutual Fund	35%
ICICI Prudential MF	25%
Indiabulls MF	10%

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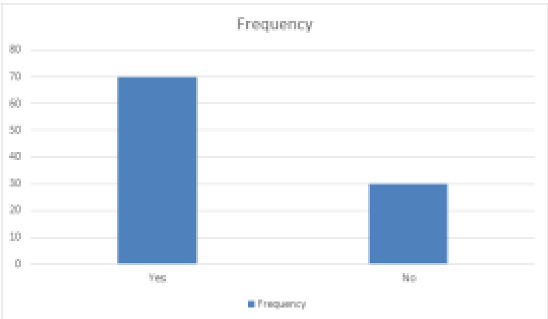
INTERPRETATION

The table shows that most investors prefer HDFC Mutual Fund due to its strong performance history. SBI and ICICI Prudential Mutual Funds also attract a significant number of investors. Indiabulls Mutual Fund has lower investor preference due to comparatively lower NAV levels.

Are you aware of what mutual funds are?

Option	Frequency	Percentile
Yes	70	70%
No	30	30%
Total	100	100%



INTERPRETATION: -The data on mutual fund awareness shows that a significant majority (70%) of respondents are familiar with mutual funds, indicating a high level of financial literacy or exposure to investment options among the population. However, 30% of respondents are not aware of mutual funds, suggesting that there is still a notable portion of the population that may need more information or education regarding this investment option. Overall, awareness is fairly widespread but with room for improvement.

V. FINDINGS, SUGGESTION, CONCLUSION

FINDINGS

- The Net Asset Value (NAV) of all selected mutual fund companies increased steadily from 2021 to 2025, indicating overall growth in mutual fund performance.
- HDFC Mutual Fund recorded the highest NAV among the selected AMCs during the study period.
- ICICI Prudential Mutual Fund showed consistent growth and maintained the second-highest performance among the selected funds.
- SBI Mutual Fund demonstrated stable NAV growth, reflecting strong investor trust and portfolio management.
- Indiabulls Mutual Fund had comparatively lower NAV values but showed gradual improvement over the years.
- Based on performance ranking, HDFC Mutual Fund secured the first position among the selected AMCs.
- ICICI Prudential Mutual Fund ranked second due to consistent returns and stable growth.
- SBI Mutual Fund ranked third due to reliable performance and investor confidence.
- Indiabulls Mutual Fund ranked fourth because of its relatively smaller fund base and lower NAV.
- A majority of investors (35%) preferred HDFC Mutual Fund due to its strong performance history.
- SBI Mutual Fund was preferred by 30% of investors, indicating strong market reputation.
- ICICI Prudential Mutual Fund attracted 25% of investors due to consistent performance.
- Only 10% of investors preferred Indiabulls Mutual Fund, reflecting lower investor interest.
- The survey results show that 70% of respondents are aware of mutual funds.

- About 30% of respondents are not aware of mutual funds, indicating a need for financial awareness programs.
- Only 45% of respondents have invested in mutual funds, while 55% have not invested yet.
- Many respondents have mixed opinions about mutual funds as a wealth creation tool.
- A significant number of respondents believe that mutual funds are complicated to understand.
- Confidence in the safety of mutual funds among respondents is moderate and divided.
- Equity funds are the most preferred type of mutual fund among investors.
- Wealth creation is the primary investment goal for most investors.
- Most investors review their mutual fund investments on a monthly basis.
- Diversification is considered the biggest advantage of mutual funds by many respondents.
- Risk of loss and market volatility are the major factors discouraging investors from mutual fund investments

SUGGESTIONS

1. **Enhanced Financial Literacy Campaigns**: Organize educational workshops, webinars, and online courses targeting different demographics to simplify the concept of mutual funds. Focus on explaining investment strategies, associated risks, and potential benefits to build trust and confidence among potential investors.
2. **Targeted Marketing Strategies**: Develop marketing campaigns that address specific audience segments such as millennials, working professionals, and retirees. Use digital platforms like social media and mobile apps to deliver personalized content, making mutual funds more relatable and appealing to a wider audience.
3. **Incentives for First-Time Investors**: Offer incentives such as reduced entry fees, bonuses, or rewards for first-time mutual fund investors. These can help lower the barrier to entry, encouraging more people to invest and explore the long-term benefits of mutual funds.
4. **Collaboration with Employers**: Partner with corporate employers to integrate mutual funds as part of employee financial wellness programs. Employers can provide financial advice and facilitate systematic investment plans (SIPs) as part of retirement planning, helping employees understand the advantages of mutual fund investments.
5. **Leveraging Digital Tools for Accessibility**: Introduce user-friendly apps and platforms that simplify mutual fund investments, with tools like automatic portfolio rebalancing and real-time market insights. This will make investing in mutual funds more accessible and manageable for both seasoned and novice investors.

CONSLUSION

In conclusion, the study on the awareness of mutual funds and their scope reveals a significant knowledge gap among potential investors, especially in smaller cities and rural areas. Despite the increasing availability of information, a large section of the population remains unaware of the benefits and variety of mutual fund options available. The research highlights the role of financial literacy in shaping investment decisions and suggests that enhanced awareness campaigns by mutual fund companies and regulatory bodies can improve investor participation. Additionally, mutual funds offer a wide range of investment avenues, catering to diverse risk appetites, making them a versatile and accessible investment tool. Expanding the scope of mutual fund investments, particularly through digital platforms and easy-to-understand schemes, could further boost investor confidence and participation, contributing to overall financial inclusion and economic growth. Hence, continued efforts in educating the public are essential for the mutual fund industry to realize its full potential.

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