

Investment in Mutual Funds: It's Investor Choice

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Abstract

Mutual Funds is a key investment avenue for retail investors. The present study tried to identify different factors influencing the investor's perception while investing in Mutual funds. The study will assist the Asset management companies to develop new and innovative mutual funds/schemes according to the requirements of investors. The present study identified few factors influencing perception of retail investors in mutual funds/scheme selection. The retail investors are always unique and are an extremely heterogeneous group. Hence, investor's mutual fund/scheme selection also chiefly differs. For this, the fund houses need to understand the selection behaviour of the investors to develop useful funds/schemes which meets the changing financial requirements of the retail investors. The data was collected data from 450 mutual fund investors through a structured questionnaire to identify the investors' expectations and their preferences and the factors that influence the selection of mutual funds/ schemes in North Costal Andhra Pradesh.

Keywords: Asset Management Company Mutual Fund, Perception, Retail Investor,

1. Introduction

In capital markets, anticipation of the retail investors plays a very significant role. They affect the stock price and determine quite a lot of things in actual practice in stock trading volume. These anticipations of the retail investors are affected by their perception and investor perception to correlate action. Perception is one important cognitive factors of human behaviour. The investment decisions in market related instruments will be based on investor faith on the future return and risk of those assets; otherwise it leads to cognitive discrepancy. There is a massive growth in the Indian mutual fund industry because of a high accuracy to design, and marketing of innovative mutual fund schemes by asset management companies providing capital appreciation, return and liquidity. The retail investors are always unique and a vastly a diversified group. Hence the mutual fund scheme selection also differs. The fund houses require to know the investor perception towards mutual fund schemes selection and develop appropriate schemes to meet the investors requirements.

2. Review of Literature

Langer (1983) in his study presented that the financial assets selection are not only based on choices, but also ego, intimacy and adherence to the precarity, intimating enhances level of partiality bias. This circumstance is consistent with the forecast by Festinger (1957) in Cognitive Dissonance theory.

Ippolito (1992) and **Bogle (1992)** presented that investors mutual fund selection fund is based on historical performance of the funds.

Robert J. Shiller (1993) identified that most of the investors are not keen on financial analysis and interpretation skills.

Phillip (1995) identified investor's financial decisions and investment behavior is changing if investors participate in investor awareness programmes.

Berhein and Garnette (1996) found that national campaigns to develop savings, could have a significant impact on investors' financial behaviour.

Lu Zheng (1998) identified that mutual fund selection decisions are based on time factor of future returns and investors select the mutual funds based on some particular information for fund selection decision.

Vidyashankar (1990), Agarwal G.D. (1992), Gupta L.C. (1993) Atmaramani (1996), Madhusudan (1996) and Ajay Srinivasan (1999) and others empirical researches focused on awareness, protection, investor expectations, and investor behaviour towards mutual fund selection.

Gupta L.C. (1993) conducted a study on household investor preferences on Mutual Funds and other financial assets.

Madhusudhan V. Jambodekar (1996) studied the awareness of MF investors, and identified the sources information affecting investors purchase decision and the factors affecting the preferred specific fund.

Sujit and Singh (1996) the study focused on understanding the behavioural aspects of the investor's equity and mutual fund investments. The research found that the employees and self-employed are majorly investing in mutual funds to avail the tax concessions.

Raja Rajan (1997 & 1998) segmented the investors based the size of investment and the investment pattern and performed a study.

Syama Sunder (1998) in his study tried to identify the awareness towards mutual funds in small cities like Vishakhapatnam. It was found that agents and distributors play an important role in promoting investments. In mutual funds open-end funds are fast moving at contest. Demographic factors like age and income are the two major factors influencing the decision of fund / scheme, followed by fund performance and brand image.

Shanmugam (2001) reported that investment decisions are influenced by psychological and sociological factors dominated by economic factors.

Rajeshwari T.R, Rama Moorthy V.E (2002) study aims on the factors influencing fund/scheme. The factors are identified using Factor Analysis. The article focused on the selection criteria of underlying fund/scheme by the retail investors.

Kiran D. and Rao U.S. (2004) analyzed both the demographic and the psychographic characteristics of investor segments using two statistical techniques, namely – Multinomial Logistic Regression (MLR) and Factor Analysis.

Kavitha Ranganathan (2005) conducted a study in Mumbai city on behavior of retail investors in choosing the mutual fund. The study helps in creating awareness and knowledge for researchers and academicians.

KV Siva Prasad and Vara Prasad (2012) in their study identified various factors influencing mutual fund /scheme selection. The fund houses are recommended to understand the investors' requirements, and based on their requirements and preferences the AMCs are supposed to design their products.

Vedala Naga Sailaja. (2018) article aims on the Client Awareness towards different sorts of mutual funds. It focuses on investors' requirements and preferences.

3. Objective:

To identify the investors' expectation and their preference and the factors influencing the selection of mutual funds/ schemes in North Costal Andhra Pradesh

Research Methodology:

The present study is conducted with the help of primary data. A questionnaire is distributed to 450 retail investors covering from North Costal Andhra Pradesh. The questionnaire contains information mainly relating to factors influencing fund/scheme selection criteria. Nearly 25 factors were identified that are majorly influencing the selection of mutual funds /scheme. The 25 factors were mapped into three main factors - Mutual funds/ Scheme qualities, Mutual fund sponsor qualities and the expected investor

services. The primary data were analyzed by using Factor Analysis to identify the factors influencing mutual fund/scheme selection by the respondents. Principal component analysis method is used for grouping the variables under few orthogonal factors. The factors influencing on investors mutual fund/scheme selection proper interpretation were used by Varimax rotation. The mutual fund investor scrutinizes various factors while selecting a fund/ scheme. The factors include financial risk and return, AMC services and offers etc. Some variables are identified based on agents and distributors references, from their own experiences and also from some specific studies. All the pertinent variables which investors consider important for selecting a fund /schemes were considered. To identify the factors influencing the perception of investors towards mutual funds/schemes, twenty-six statements were used on 5-point Likert scale.

Principal component analysis was used for Factor analysis. The tool SPSS is used to arrange a large number of variables into smaller number of factors. The most suitable multi-variate technique was used to identify the groups of determinants by factor analysis. This is done with a view to find out the factors affecting the investor’s behavior in selecting a mutual fund/scheme. Kaiser-Meyer Olkin (KMO) test and Bartlett’s test are used to test the sampling adequacy for factor analysis

The study presented factors influencing investors’ perception. The results of the study are presented here under.

1. Fund/Scheme Qualities on Scheme Selection

Using factor analysis, the present study is divided into four steps. In stage one, correlation matrix and KMO identifies the scope for adequacy of factor analysis. In stage two, extraction by principal component method which provides the scope for identification of factors. In the third stage, rotation by varimax provides the scope for sorting the factors and grouping for easy interpretability. In the fourth stage, the calculation of factor scores gives further scope for analysis. The first three stages are employed in the present study.

1. Influence of Quality of the Product on Selection of Mutual Fund/Scheme

The responses taken from the sample investors regarding their preference of mutual funds are analysed in the light of product qualities. The first set of 11 fund related variables are mapped under the head of mutual fund/scheme qualities and are analysed for their importance. The weighted mean values, scale importance and other details are furnished in Table 1

Table 1 Importance of Factors Related to Product in Mutual Funds/Scheme Selection

Sl. No.	Variables	AOS ¹	Std. Deviation	Scale Importance
1	2	3	4	5
A1	Mutual Fund/Scheme’s Performance Record	3.22	0.81	Importance
A2	Mutual Fund/Scheme’s reputation/brand name	2.82	0.92	Importance
A3	Mutual Fund/Scheme’s Expenses Ratio	2.55	1.02	Importance
A4	Mutual Fund/Scheme’s Portfolio of Investments	3.01	0.96	Importance
A5	Reputation of the fund	2.92	0.99	Importance

Manager				
A6	Mutual fund withdrawal facilities/exit	2.87	0.89	Importance
A7	Favorable rating by a credit rating agency	3.08	0.89	Importance
A8	Innovativeness of the mutual fund scheme	2.78	0.95	Importance
A9	Mutual Fund/Scheme with tax benefits	2.90	1.02	Importance
A10	Mutual fund Entry Load	2.59	1.22	Importance
A11	Mutual fund Initial Investment	2.92	0.87	Importance

The table 1 presents that the investors consider the 11 product related factors in mutual funds/scheme as important in their selection. Among these, fund/scheme’s performance record, favorable rating by a credit rating agency, fund/scheme’s portfolio of investments, fund managers reputation, and mutual fund Initial Investment, are the five important factors which are most important in them selection of fund/scheme by the investors followed by other factors.

With a view to measure the adequacy of factor analysis, correlation matrix is constructed in order to check the pattern of relationship for the above first set of 11 variables. By examining the significant of correlation coefficient values, the problem of singularity of data for variables A5, A7, A8 and A10 are identified. Hence, these are excluded from the analysis. The remaining 7 variables relating to fund/scheme which have significant relationships are studied and analyzed.

The next stage of factor analysis was to check the sampling adequacy. For checking the adequacy of sample Kaiser-Meyer Olkin (KMO) test and Bartlett’s test of sphericity are used and the results are presented in Table 2.

Table 2 Results of Kaiser-Meyer Olkin (KMO)and Bartlett’s Test

Particulars		Results
1		2
Kaiser-Meyer Olkin (KMO) test Measure of Sampling Adequacy		0.727
Bartlett’s test of sphericity	Approximate Chi-Square	310.935
	df	21
	Significance	0.000

From the above, the Kaiser-Meyer Olkin (KMO) statistic fluctuates between 0 and 1. It reveals that the Bartlett’s test of sphericity approximate chi-square statistic is 310.935 with 21 degrees of freedom (df) which is significant at 0.000 levels. The (KMO) sampling adequacy (0. 727) is greater than 0.5 percent level. Hence factor analysis is treated as suitable tool for next stage of data analysis. Factor analysis is performed further for factor extraction and also to identify the investor preferences. The communalities of extraction are given in Table 3.

Table 3 Communalities of Extraction

Variable	Initial	Extraction
1	2	3

A1	1.000	0.630
A2	1.000	0.512
A3	1.000	0.272
A4	1.000	0.530
A6	1.000	0.417
A9	1.000	0.436
A11	1.000	0.634

The analysis of communalities of extraction works on the initial assumption that all variance is common; therefore, the initial communalities values are taken as 1 which is indicated in the table 3. The common variance in the data structure is reflected in communalities in the column labeled extraction. A1 we can say that 63 percent of variance associated with Mutual Fund/Scheme’s performance record is common. The proportion of variance explained by the underlying factors in a way to look at these communalities.

Table 4 Results of Principal Component Analysis related to product features Explaining Total Variance

Component	Initial Eigen values			Extraction of sums of Square Loadings			Rotation sums of Square Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	2	3	4	5	6	7	8	9	10
1	2.339	33.412	33.412	2.339	33.412	33.412	1.863	26.614	26.614
2	1.091	15.589	49.000	1.091	15.589	49.000	1.567	22.387	49.000
3	0.973	13.906	62.906						
4	0.764	10.917	73.823						
6	0.666	9.510	83.333						
9	0.650	9.285	92.618						
11	0.517	7.382	100.000						

Table 4 shows that the eigen values are greater than 1, the factor 1 is exhibiting 33.412 variance percent and Factor -2 is exhibiting 15.589 percent variance The two factors are only contributed 49 percent of variance. It presented that the first factor is exhibiting comparatively high amount of variance and the remaining factors are exhibiting only slight variance. From the third factor the line is almost flat, it shows the successive factor is accounting only for slight amount of the total variance. The Eigen value is greater than one by only two factors.

Table 5 presented that the factor loadings and Varimax Rotation factor loadings. It can be understood that there are very high factor loadings in the case of factor 1 (out of 7 variables, 5 variables factor loading is grater then 0.5). It is also established that, the variables are clubbed into one factor 71.43 per cent. As per the theory, it requires more than one factor. In Varimax Rotation factor loadings is greater

than 0.5 in case of factor 1- four variables out of seven, and in case of factor 2 two out of seven variables have factor loadings of greater than 0.5.

Table 5 Factor Loading and Varimax Factor Loading Matrix Structures Product Qualities

Variables	Factor Matrix		Rotated Factor Matrix	
	Factor 1	Factor 2	Factor 1	Factor 2
1	2	3	5	6
A1	0.480	0.632	-1.24E-02	0.793
A2	0.522	0.490	0.108	0.707
A3	0.487	0.188	0.267	0.449
A4	0.701	-0.197	0.673	0.278
A6	0.646	-4.73E-03	0.511	0.395
A9	0.551	-0.364	0.658	5.419E-02
A11	0.623	-0.496	0.796	-5.49E-03

Table 6 reveals that recognition of product related factors on selection of mutual fund/scheme. The first factor shows A4, A6, A9 and A11 were representing “Intrinsic product qualities and Mutual Fund/Scheme’s Portfolio of Investments” which are also known as “fundamental or essential investment of facilities and qualities” and the second factor, A1 and A2 represent the “Image” factor indicating “fame or prestige or performance rank”. Thus, after rotation, factor one Intrinsic product qualities accounts for 26.614 per cent of variance and factor two Image accounts for 22.387 percent and collectively they account for 49 percent of variance.

Table 6 Identification of Factors Related to Product on Mutual Fund/Scheme Selection

Factor Name	Variables	Factor Loadings
1	2	3
Intrinsic product qualities	A4 Mutual Fund/Scheme’s Portfolio of Investments	0.673
	A6 Mutual fund withdrawal facilities/exit	0.511
	A9 Mutual Fund/Scheme with tax benefits	0.658
	A11 Mutual fund Initial Investment	0.796
Image	A1 Mutual Fund/Scheme’s Performance Record	0.793
	A2 Mutual Fund/Scheme’s reputation/brand name	0.707

The table identifies two distinct factors associated to two types of investors, viz. competent investors and image-based investors. In general, the competent investors have some professional schooling to invest in financial instruments and are assure of returns over investments. Therefore, the professional investors demand intrinsic product qualities as their initial prerequisite before investing in mutual fund/scheme. Contrarily, the image conscious investors attach relevance to prominence and brand name of fund house, performance record. Performance of fund manager and integrity are the qualities they would look forward to.

2. Effect of Mutual Fund Sponsor Qualities on Selection of Mutual Fund/Scheme

In the next stage, the researcher has examined the Effect of mutual fund sponsor qualities in the selection of fund/scheme. In this context six mutual fund sponsors related factors were interpreted for their importance. These particulars are furnished in Table 7.

Table 7 Importance of Mutual Fund Sponsor Qualities in Mutual Fund/Scheme Selection

Sl. No.	Variables	AOS	Std. Deviation	Scale Importance
1	2	3	4	5
B1	Fame of sponsoring organization	3.14	0.78	Importance
B2	Sponsor's firm competence to offer a various type of funds/ schemes with different objectives	2.96	0.96	Importance
B3	Sponsor firm has recognized as a Brand	2.90	0.91	Importance
B4	Sponsor firm has proficiency in money management	2.89	0.84	Importance
B5	Sponsor firm has an advanced research methods and infrastructure	2.55	1.23	Importance
B6	Sponsor firm has a wide range distribution and network	2.59	1.01	Importance

The table above reveals the importance of mutual fund sponsor qualities in mutual fund/scheme selection. The above the six factors are identified to be important in the selection of the mutual fund/scheme. It was identified that investor's sponsor qualities influence the choice of their mutual fund/scheme. So, for identifying the mutual fund sponsors qualities, Factor Analysis through Principal Component Analysis were done. Before proceeding to factor analysis, sampling adequacy is measured by using KMO and Bartlett's test of sphericity.

Table 8 Results of KMO and Bartlett's Test

Particulars	Results
1	2
Kaiser-Meyer Olkin (KMO) test Measure of Sampling Adequacy	0.739
Bartlett's test of sphericity	Approximate Chi-Square df Significance
	488.210 15 0.000

The table 8 presents that the chi-square is 488.210 with 15 df which is significant at 0.000 level. The Kaiser-Meyer Olkin (KMO) test Measure of Sampling Adequacy(0. 739) is greater than 0.5. Therefore, factor analysis can be done for next stage data analysis. The factor analysis is carried out further for factor extraction and also to identify the investor preferences. Table 9 presents the Communalities of extraction.

Table 9 Communalities of Extraction

Variables	Initial	Extraction
1	2	3
B1	1.000	0.681
B2	1.000	0.507
B3	1.000	0.625
B4	1.000	0.657
B5	1.000	0.732
B6	1.000	0.513

The table 9 reveals the communalities extraction and also reveals the data structures variance. The B1, Fame of sponsoring organization resulted associated with 68.1 percent of variance is common. The underlying factors are also explained by the communalities in terms of proportion of variance.

The table 10 shows that the eigen values are greater than 1. We can infer that 44.528 per cent of the factor 1 explained the variance and 17.396 per cent the factor 1 explained the variance, both together contributing 61.924 per cent. It can be understood that the factor one is exhibiting high variance whereas remaining factors explain only least variance. It is observed that from the factor three on the line is almost flat. The Eigen value is greater than 1 by only two factors.

Table 10 Results of Principal Component Analysis Explaining Total Variance

Component	Initial Eigen values			Extraction of sums of Square Loadings			Rotation sums of Square Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	2	3	4	5	6	7	8	9	10
1	2.672	44.528	44.528	2.672	44.528	44.528	1.894	31.565	31.565
2	1.044	17.396	61.924	1.044	17.396	61.924	1.822	30.359	61.924
3	0.772	12.863	74.787						
4	0.634	10.573	85.360						
5	0.483	8.055	93.415						
6	0.395	6.585	100.000						

In the next stage, an attempt is done to examine the factor loading and Varimax factor loading matrix structures for product sponsor qualities and the values are given in Table 11.

Table 11 Factor Loading and Varimax Factor Loading Matrix Structures for Mutual Fund Sponsor Qualities in Mutual Fund/Scheme Selection

Variables	Factor Matrix		Rotated Factor Matrix	
	Factor 1	Factor 2	Factor 1	Factor 2
1	2	3	5	6
B1	0.736	-0.374	0.790	0.238
B2	0.600	-0.383	0.698	0.138
B3	0.657	-0.440	0.779	0.136
B4	0.756	0.293	0.344	0.734
B5	0.599	0.611	1.096E-02	0.855
B6	0.639	0.324	0.238	0.676

The factor loading and varimax factor loading matrix structures for mutual fund sponsor qualities in choice of mutual fund /scheme selection presents a very high factor loadings in case of factor 1 (factor loading greater than 0.5 by six variables). It also presents that all the factors are combined into a single factor. As per theory we require more than one factor. Therefore, the obtained factors can be named and interpreted through Varimax Rotation. On the footing of Varimax Rotation with Kaiser Normalization, two factors

were developed. The factor loadings are greater than or equal to 0.5. So every factor is constituted with all the variables.

Table 12 Identification of Mutual Fund Sponsor Qualities in Mutual Fund/Scheme Selection

Factor Name	Variables	Factor Loadings
1	2	3
Reputation	B1 Fame of sponsoring organization	0.790
	B2 Sponsor's firm competence to offer a various type of funds/ schemes with different objectives	0.698
	B3 Sponsor firm has recognized as a Brand	0.779
Infrastructure	B4 Sponsor firm has proficiency in money management	0.734
	B5 Sponsor firm has an advanced research methods and infrastructure	0.855
	B6 Sponsor firm has a wide range distribution and network	0.676

The table 12 identifies the factors influencing the professional investor's and image conscious investors in choosing the fund/scheme. For the first category of investors it is identified that the fame of sponsoring organization, Sponsor's firm competence to offer a various type of funds/ schemes with different objectives and Sponsor firm has recognized as a brand are the major factors which they are looking forward while choosing a fund/scheme. The category two type investors prefer Sponsor firm's proficiency in money management, if Sponsor firm has an advanced research methods and infrastructure, and if Sponsor firm has a wide range of distribution and network. These are the major factors which are influencing fund selection behaviour of investors.

3. Influence of fund houses Services on investors in selection of Mutual Fund/Scheme

In the next stage, it is endeavored to examine the third set of factors which are influencing the investors in selecting the mutual funds/schemes. In order to identify the critical success factors of the fund houses, it is identified that the services offered by the fund houses are playing a major role. Eight important service facilities are recognized and developed into questions to find out the investor preferences on the service facilities, and they were interpreted for their importance.

Table 13 Importance of Services Related Factors in choice of Mutual Fund/Scheme Selection

S. No.	Variable	AOS	Std. Deviation	Scale Importance
1	2	3	4	5
C1	Disclosure of investment objective in the Advertisement	2.84	0.95	Importance
C2	Periodicity of valuation in the Advertisement	2.72	1.03	Importance
C3	Disclosure of the method and the periodicity	2.86	0.95	Importance
C4	Disclosure of Net Asset Value on every trading day	2.75	0.98	Importance
C5	Disclosure of deviation of investment from the original	2.78	0.87	Importance

C6	pattern Mutual Fund investors grievance redressed machinery	2.71	0.88	Importance
C7	Fringe benefits	2.81	0.90	Importance
C8	Preferred Mutual Fund to avoid problem	2.53	0.98	Importance

The table 13 reveals the importance of fund house services in choosing mutual fund/scheme. The investors are considering eight important factors while selecting the mutual fund/scheme. However, the variables such as investment objective Disclosure in the advertisement, Disclosure of the method and the periodicity, fringe benefits, disclosure of deviation from original investment pattern and disclosure of Net Asset Value on every trading day are the first five more important followed by others. Hence, the service related factors of fund houses affect the mutual fund selection by the investor's, Hence, the asset management companies are advised to improve the identified services.

Table 14 Results of KMO and Bartlett's Test

Particulars		Results
1		2
Kaiser-Meyer Olkin (KMO) test Measure of Sampling Adequacy		0.810
Bartlett's test of sphericity	Approximate Chi-Square	963.861
	df	28
	Significance	0.000

The above table exhibits the results of Kaiser-Meyer Olkin (KMO) test Measure of Sampling Adequacy and Bartlett's test of sphericity. The chi-square statistic is 963.861 with 28 df which is significant at 0.000 levels. The value of Kaiser-Meyer Olkin Measure of Sampling Adequacy statistic is 0.810 which is greater than 0.5. Therefore, factor analysis is an appropriate technique for further analysis of data. The factor analysis can be carried further for factor extraction and also to identify the investor preferences.

Table 15 Communalities of Extraction

Variable	Initial	Extraction
1	2	3
C1	1.000	0.681
C2	1.000	0.608
C3	1.000	0.660
C4	1.000	0.463
C5	1.000	0.534
C6	1.000	0.721
C7	1.000	0.662
C8	1.000	0.431

The table 15 presents the Communalities of extraction. It was observed that 68.1 per cent of the variance associated with Disclosure of investment objective in the Advertisements common, or shared variance. The least variance associated with preferred mutual fund to avoid problem 43.1 per cent. The communalities are in terms of the proportion of explained the variance by the underlying factors.

Table 16 Results of Principal Component Analysis Displaying Total Variance

Component	Initial Eigen values			Extraction of sums of Square Loadings			Rotation sums of Square Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	2	3	4	5	6	7	8	9	10
1	3.594	44.930	44.930	3.594	44.930	44.930	2.889	36.112	36.112
2	1.166	14.569	59.500	1.166	14.569	59.500	1.871	23.387	59.500
3	0.898	11.220	70.720						
4	0.674	8.420	79.140						
5	0.535	6.692	85.832						
6	0.460	5.751	91.584						
7	0.370	4.627	96.210						
8	0.303	3.790	100.000						

From the table above, it can be noticed that factor one variance presents that 44.930 and factor two resulted as 14.569 per cent, both factors together are contributing to 59.500 per cent. It is also presenting that factor one reveals that comparatively, high variance whereas remaining factors explain only least variance. It can be identified that the line is almost flat from the factor three onwards. The Eigen value is greater than one by only two factors.

In the next stage, an attempt is made to examine the factor loading and Varimax factor loading matrix structures regarding services of fund houses and the values are presented in Table 17.

Table 17 Factor Loading and Varimax Factor Loading Matrix Structures mutual fund Investor Services Related factors

Variable	Factor Matrix		Rotated Factor Matrix	
	Factor 1	Factor 2	Factor 1	Factor 2
1	2	3	5	6
C1	0.769	-0.300	0.809	0.161
C2	0.728	-0.279	0.763	0.157
C3	0.769	-0.263	0.789	0.192
C4	0.655	-0.185	0.651	0.197
C5	0.706	-0.189	0.696	0.221
C6	0.636	0.562	0.233	0.817
C7	0.524	0.623	0.106	0.807
C8	0.526	0.393	0.232	0.615

The factor loading and varimax factor loading matrix structures related to mutual fund houses service-related factor shows very high factor loadings in case of factor 1 (factors loading greater than 0.5 by six variables). Thus, C1, C2, C3, C4 and C5 present the factor one and C6, C7 and C8 represented the factor two.

Table 18 Identification of services showing impact on choice of Mutual Fund/Scheme Selection by the investors

Factor Name	Variables	Factor Loadings
1	2	3
Infrastructure	C1 Disclosure of investment objective in the Advertisement	0.809
	C2 Periodicity of valuation in the Advertisement	0.763
	C3 Disclosure of the method and the periodicity	0.789
	C4 Disclosure of Net Asset Value on every trading day	0.651
	C5 Disclosure of deviation of investment from the original pattern	0.696
Fringe benefits	C6 Mutual Fund investors grievance redressed machinery	0.817
	C7 Fringe benefits	0.807
	C8 Preferred Mutual Fund to avoid problem	0.615

Table 18 identifies different types of investors who give significance to these factors in their mutual fund/scheme selection techniques. The efficient investors felt documents offered by Securities and Exchange Board of India (SEBI) and, Association of Mutual Funds in India (AMFI) as important factors to investors services from C1 to C 5 furnished in the above table. The image conscious types of investors give importance to factors C6 to C8. Among these the need for investors’ grievance redressal machinery is significant factor from investors point view. It can be observed from above table that the investors are highly influenced, in the mutual fund schemes selection, by the extent and quality of information. Therefore, fund houses should take steps to be more transparent and follow the guidelines spelt out by SEBI and AMFI.

3. Conclusion

Finally, it is presented that there is some useful managerial implications for the fund houses in developing appropriate fund/scheme, marketing and managing of the mutual fund. The results derived from the study also help in making effective decisions in fund management by retail investors and fund managers managing both existing and new mutual fund schemes.

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