

## Investors perception towards mutual fund investment

K. SENTHILKUMAR AND K. MARUTHAMUTHU

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### ABSTRACT

The article focuses on the investor awareness and preference in mutual fund schemes, factor that influence the investor in selecting mutual fund scheme, the level of satisfaction on the investment of mutual fund investors problem faced by mutual fund investors. As the awareness is very less there are lot of opportunities to tap the untapped potentials. Different investment avenues are available to investors. Mutual funds also offer good investment opportunities to the investors. Like all other investments, they also carry certain risks. The investors should compare the risks and expected yields after adjustment of tax on various instruments while taking investment decisions. The investors may seek advice from experts and consultants including agents and distributors of mutual funds schemes while making investment decisions. With an objective to make the investors aware of functioning of mutual funds, presently an attempt has been made to provide information in question-answer format which may help the investors in taking investment decisions. Simple Percentage analysis, Graphical representation, chi-square test and ANOVA are the statistical tools used in this study.

**Key words :** Mutual fund, Investor awareness

Mutual funds as the emerging concept have more scope in the financial services sector. As the awareness is very less, there are lot of opportunities to tap the untapped potentials. Different investment avenues are available to investors. Mutual funds also offer good investment opportunities to the investors. Like all other investments, they also carry certain risks. The investors should compare the risks and expected yields after adjustment of tax on various instruments while taking investment decisions. The investors may seek advice from experts and consultants including agents and distributors of mutual funds schemes while making investment decisions. With an objective to make the investors aware of functioning of mutual funds, presently an attempt has been made to provide information in question-answer format which may help the investors in taking investment decisions

### What is a mutual fund?:

Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document.

Investments in securities are spread across a wide cross- section of industries and sectors and thus the risk

is reduced. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. Mutual fund issues units to the investors in accordance with quantum of money invested by them .Investors of mutual funds are known as unit holders.

The profits or losses are shared by the investors in proportion to their investments. The mutual funds normally come out with a number of schemes with different investment objectives which are launched from time to time. A mutual fund is required to be registered with Securities and Exchange Board of India (SEBI)which regulates securities markets before it can collect funds from the public.

### Characteristics of a mutual fund :

- A mutual fund actually belongs to the investors who have pooled the funds. The ownerships of a mutual fund is in the hands of the investors.
- A mutual fund is managed by investment professionals and other service providers, who earn a fee for their services, from the fund.
- The pool of funds is invested in a portfolio of marketable investment. The value of the portfolio is updated every day.
- The investors share in the fund is denominated by "Units". The value of the units changes with change in the portfolio value, every day. The value of one unit of investment is called as the Net Assets value ( NAV).
- The investment portfolio of the mutual fund is

### Correspondence to:

K. SENTHILKUMAR, Department of Commerce, Periyar University, SALEM (T.N.) INDIA

### Authors' affiliations:

K. MARUTHAMUTHU, Department of Commerce, Periyar University, SALEM (T.N.) INDIA