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A STUDY OF INVESTOR FULLFILLMENT IN KERALAS MUTUAL FUNDS WITH SPECIAL REFERENCE TO CALICUT DISTRICT

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Abstract:
This study uses discriminant function analysis to analyze investor responses to a perception survey in order to suggest a roadmap for investor-centric mutual fund investment strategies. The goal of the current study is to find the solutions. Despite the general public's understanding of mutual funds, there are a number of variables that might affect investing in mutual funds, including investor happiness and risk perception. Numerous obstacles face the sector, including poor penetration rates, a lack of unique products, a lack of investor awareness and the inability to effectively communicate value to clients, retail investors' lack of interest in mutual funds, and the industry's ongoing evolution. The study's analysis indicates that if the structure is to reach full potential.

1. INTRODUCTION

Simply put, the money pooled in by a large number of investors is what makes up a Mutual Fund. This money is then managed by a professional Fund Manager, who uses his investment management skills to invest it in various financial instruments. As an investor you own units, which basically represent the portion of the fund that you hold, based on the amount invested by you. Establishing realistic financial goals is an essential first step toward successful investing. Understanding the investments best suited to helping you achieve your goals is equally important. Most Americans invest to meet long-term goals, such as ensuring a secure retirement or paying for a child's college education, but many also have more immediate goals, like making a down payment on a home or automobile. Mutual funds can fit well into either your long- or short-term investment strategy, but the success of your plan depends on the type of fund you choose. Because all funds invest in securities markets, it is crucial to maintain realistic expectations about the performance of those markets
and choose funds best suited to your needs. A mutual fund is a company that invests in a diversified portfolio of securities. People who buy shares of a mutual fund are its owners or shareholders. Their investments provide the money for a mutual fund to buy securities such as stocks and bonds. A mutual fund can make money from its securities in two ways: a security can pay dividends or interest to the fund, or a security can rise in value. A fund can also lose money and drop in value.

2. IMPORTANCE OF MUTUAL FUND

Professional Management Even under the best of market conditions, it takes an astute, experienced investor to choose investments correctly, and a further commitment of time to continually monitor those investments. With mutual funds, experienced professionals manage a portfolio of securities for you full-time, and decide which securities to buy and sell based on extensive research. A fund is usually managed by an individual or a team choosing investments that best match the fund's objectives. As economic conditions change, the managers often adjust the mix of the fund's investments to ensure it continues to meet the fund's objectives. Diversification Successful investors know that diversifying their investments can help reduce the adverse impact of a single investment. Mutual funds introduce diversification to your investment portfolio automatically by holding a wide variety of securities. Moreover, since you pool your assets with those of other investors, a mutual fund allows you to obtain a more diversified portfolio than you would probably be able to comfortably manage on your own and at a fraction of the cost. In short, funds allow you the opportunity to invest in many markets and sectors. That's the key benefit of diversification. Variety Within the broad categories of stock, bond, and money market funds, you can choose among a variety of investment approaches. Today, there are about 8,200 mutual funds available in the U.S., with goals and styles to fit most objectives and circumstances. Low Costs Mutual funds usually hold dozens or even hundreds of securities like
stocks and bonds. The primary way you pay for this service is through a fee that is based on the total value of your account. Because the fund industry consists of hundreds of competing firms and thousands of funds, the actual level of fees can vary. But for most investors, mutual funds provide
professional management and diversification at a fraction of the cost of making such investments independently. Liquidity Liquidity is the ability to readily access your money in an investment. Mutual fund shares are liquid investments that can be sold on any business day. Mutual funds are required by law to buy, or redeem, shares each business day. The price per share at which you can redeem shares is known as the fund's net asset value (NAV). NAV is the current market value of all the fund's assets, minus liabilities, divided by the total number of outstanding shares.

3. REVIEW OF LITERATURE

1. **Vasantha, Maheswari and Subashini,(2013)** evaluated the Performance of some selected open ended equity diversified Mutual funds and studied HDFC top 200 fund, Reliance top 200,ICICI Prudential top 200, Canara Robeco equity diversified fund, Birla Sun Life frontline equity mutual funds over the period of 60 months data. The analysis has been made on the basis of Sharpe ratio, Treynor ratio and Jenson .

2. **Ranganathan K. (2016)** in his article "A Study of Fund Selection Behavior of Individual Investors towards Mutual Funds: With Reference To Mumbai City" published in ICFAI Journal of Behavioral Finance, 2006, noted that financial markets are affected by the financial behavior of investors. She observed that consumer behavior from the marketing world and financial

economics had brought together a need to study an exciting area of 'behavioral finance'. this study was an attempt to examine the related aspects of the fund selection behavior of individual investors towards mutual funds in the city of Mumbai.

3. **Poornima & Sudhamathi, (2013)** In this research paper an attempt is made to analyze about the performance of the growth oriented equity diversified schemes by using Sortino ratio. 102 growth oriented equity diversified schemes which were performing during the period April 2006 to March 2011 were selected for the study. This research paper clearly reveals the fact that careful evaluation using appropriate performance measure will lead the investor in selecting the best funds.

4. STATEMENT OF THE PROBLEM

Investment is a commitment of funds in real assets or financial assets. Investment involves risk and
gain. In the present dynamic global environment, exploring investment avenues are of great relevance.
Investment skills developed over a period of time are considerably influenced by experience and spadework carried out to arrive at conclusions. The success of an investment activity depends on the knowledge and ability of investors to invest, the right amount, in the right type of investment, at the right time. Real assets, being tangible material things, are less liquid than financial assets. Compared to financial assets, returns on real assets are more difficult to measure accurately due to the absence of broad, ready, and active market. Financial assets available to individual investors are manifold, having different concomitant benefits to choose from. All financial investments are risky but the degree of risk and return differ from each other. An investor has to use his discretion, which is an art acquired by learning and practical experience.

5. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:
To identify the satisfaction level of mutual fund's investors with respect to their mutual fund companies.

6. RESEARCH METHODOLOGY OF THE STUDY

The method that is adopted to analyze this survey is descriptive research design which describes the satisfaction level of mutual fund investor with regard to the benefits that mutual fund companies are offering. Target of population: For filling up questionnaire both males and females were targeted of the Calicut city and they were all professional doing jobs and business. The primary data has been collected through structured questionnaire and questions are measured through
five point likert scale. In this study secondary data has been used from magazines, research papers, journals and books. For this research technique that is used is "Random and convenient sampling"

is used as professionals are involved who worked in a financial institutions for choosing the investors and questionnaire is filled up as per researcher convenience. The researcher has selected the total sample size of 120 mutual fund investors in Coimbatore City.

7. ANALYSIS AND INTERPRETRATION

Table – 4.5 Awarness Of Risk On Mutual Fund

	Sum	Mean	Rank
Market Risk	1347.00	2.6940	5
Inflation Risk	1563.00	3.1260	4
Interest Risk	1920.00	3.8400	1
Investment Risk	1681.00	3.3620	3
Change in government policy	1828.00	3.6560	2

Source: Primary data.

From the above table, it is clear that awareness of risk on mutual fund, Interest Risk has scored first rank with mean score of 3.84. Change in government policy has scored second rank with mean score of 3.6560. Investment Risk has scored third rank with mean score of 3.3620. Inflation Risk has scored fourth rank with mean score of 3.1260. Market Risk has scored last rank with mean score of 2.6940.

7.1 DISCRIMINANT FUNCTION ANALYSIS

Respondent's opinion towards level of satisfaction while investment of mutual fund. In the study area **out of** one hundred twenty respondents were divided into two groups .i.e. Low level satisfaction of investment and the high level satisfaction. The difference of opinion of the respondents in one group from the other is studied with the help of discriminant function analysis. For the purpose of the study, the following variables were selected.

1. Gender
2. Age
3. Marital status
4. Educational Qualification
5. Occupational status
6. Monthly Income
7. Experience
8. Type of investors
9. Type of mutual fund scheme
10. Frequency return
11. Level of investment

The discriminant function analysis attempts to construct a function with these and other variables so that the respondents belonging to these two groups are differentiated at the maximum. The linear combination of variables is known as discriminant function and its parameters are called discriminant function coefficients. In constructing this discriminant function all the variables which contribute to differentiate these three groups are examined.

Mahalanobis minimum $\mathbf{D^2}$ method is based on the generalized **squared Euclidean distance** that adjusts for unequal variances in the variables. The major advantage of this procedure is that it is computed in the original space of the predictor (independent) variables rather than as a collapsed version which is used in the other method.

Generally, all the variables selected will not contribute to explain the maximum discriminatory power of the function. So a selection rule is applied based on certain criteria to include those variables which best discriminate. Stepwise selection method was applied in constructing discriminant function which selects one variable at a time to include in the function. Before entering into the function the variables are examined for inclusion in the function.

The variables which could have maximum D^2 value, if entered into the function is selected for inclusion in the function. Once entered any variable already in the equation is again considered for removal based on certain removal criteria. Likewise, at each step the next best discriminating variable is selected and included in the function and any variable already included in the function is considered for removal based on the selection and removal criteria respectively.

Discriminant function analysis involved classification problem also to ascertain the efficiency of the discriminant function analysis and all the variables which satisfy the entry and removal criteria were entered into the function. Normally the criterion used to select the variables for inclusion in the function is minimum F to enter into the equation (i.e.) F statistic calculated for the qualified variable to enter into the function is fixed as ≥ 1. Similarly any variable entered in the equation will be removed from the function if F statistic for the variable calculated is < 1. The two groups are defined as

Group 1 - Low level
Group 2 - High level

The mean and standard deviation for these groups and for the entire samples are given for each variable considered in the analysis.

Table ---1 group Means (Between Low And High Groups)

S.No.	Peronal Factor	LOW(51)		HIGH (69)		Total (120)	
		Mean	SD	Mean	SD	Mean	SD
1	Age	2.40	0.67	2.36	0.61	2.38	0.64
2	Gender	1.45	0.50	1.46	0.50	1.45	0.50

3	Maritial status	1.62	0.49	1.69	0.46	1.65	0.48
4	Education	3.13	0.93	3.25	0.94	3.18	0.93
5	Occupation	2.58	1.30	2.42	1.28	2.51	1.29
6	Monthly income	3.11	0.95	3.19	0.94	3.15	0.95
7	Experience	1.91	0.52	1.99	0.55	1.94	0.54
8	Type of investors	2.40	0.81	2.51	0.76	2.45	0.79
9	Type of mutual fund scheme	1.92	0.72	1.89	0.68	1.91	0.70
10	Frequency return	2.07	0.63	2.00	0.69	2.04	0.66
11	Level of investment	1.82	0.39	1.84	0.37	1.83	0.38

The overall stepwise D.F.A results after all significant discriminators have been included in the estimation of discriminated function are given in the following table.

Table ---2 Summay Table Between Low Level And High Level Grops

S.No.	Variables entered	Wilks' lambda	F	Sig.
1	Gender	0.897	58.729	.000**
2	Maritial status	.995	2.417	.000**
3	Education	.996	1.878	.000**
4	Monthly income	.997	1.407	.000**
5	Type of investors	.999	.250	.000**

*Significant at 1% level

The summary table indicates that variable gender entered in step one. The variables such as Gender, Marital status, Educational Qualification, Monthly income and Type of investors and are significant at one per cent significance level. All the variables are significant discriminators based on their Wilk's Lambda and F-value. The multivariate aspect of this model is given in the following table.

Table ---3 Canonical Discriminant Function (Between Low And High Groups)

Canonical Correlation	Wilks' Lambda	Chi-square	P.value	S/NS
.465	.973	113.655	.000**	S

The canonical correlation in the discriminant group can be accounted for by this model, Wilk's Lamda and Chi-square value suggest that D.F is significant at one percent level.

The variables given above are identified finally by the D.F.A as the eligible discriminating variables. Based on the selected variables the corresponding D.F coefficients are calculated. They are given in the following table.

Table -4. Discriminant Function Coefficient (Between Low Level And High Level)

	Function
	1
Age	.133
Gender	.238
Maritial status	-.406
Education	-.294
Occupation	.470
Monthly income	.028
Investment type	-.352
Residential area	-.388
Earning members in the family	.262
Size of the family	.624
Type of family	.059
Constant	-7.062

Using this D.F coefficients and variables discriminating scores for 2 groups are found out and are called group centroids or group means

For low level user $(Z_1) = .148$
For High level user $(Z_2) = -.190$
Discriminating factor is the weighted average of Z_1, Z_2

$$(.i.e.)\ Z = \frac{(51x\ Z_1) + (69\ xZ_2)}{51+69}$$

It is represented diagrammatically
Thus to classify any respondent as to low or high user the Z score for the respondent is found out by using the equation. If the score found out for any respondent is Z_0 and if the value is > Z (i.e. $Z_0 > Z$) then it is classified into high user and if $Z_0 < Z$ then (i.e. $Z_0 < Z$) it is classified into low user.

Now the questions remain to be answered are
1. How efficient are the discriminating variables in the D.F.A?
2. How efficient the D.F itself is?

The first equation cannot be answered directly however the discriminating power or the contribution of each variable to the function can sufficiently answer the question. For this consider the following table.

Table - 4.69.5 Relative Discriminating Index(Between Low Level Group And High Level Group)

	Group I Mean X_1	**Group II Mean X_2**	**Unstandardised coefficient**	**I_j=ABS (K_j) Mean (X_{j0}-X_{ji})**	**R_j=I_j/sum I_jj*100**
Gender	1.4520	1.4566	.238	0.000613	3.453453
Maritial status	1.6228	1.6895	-.406	0.008884	50.07508
Education	3.1317	3.2466	.294	0.015305	86.26126
Monthly income	2.0747	2.0046	.624	-0.00934	-52.6276
Type of investors	1.8185	1.8356	.059	0.002278	12.83784
TOTAL					100

Relative Discriminating Index

For each variable the respective D.F coefficient its mean for each group and R_j are given. R_j called relative discriminating index is calculated from the discriminant function coefficient and group means. R_j tells how much each variable is contributing (%) to the function. By looking at this column it is understood that education is the discriminating variable and the monthly income least discriminating variable.

The second question is answered by reclassifying the already grouped individuals into low or high level using the D.F (Z) defined in the equation. This classification is called predictor group membership. In short the efficiency of the D.F is called predictor group membership. In a nutshell, the efficiency of the D.F. is how correctly it predicts the respondents into distinct groups.

Table - 4.69.6 Classification Results (Between Low Level Group And High Level Group)

Actual group	**No. of cases**	**Predicted group membership**	
		Group I	**Group II**
Group I	51	2956.86 %	2243.14%
Group II	69	4159.42%	2840.58%

Per cent of grouped case correctly classified: 68.8 per cent

The above table gives the results of the reclassification. The function using the variables selected in the analysis classified 68.8 per cent of the cases correctly in the respective groups. It is found that the Discriminant function analysis was applied to the respondents on low user and high user. The following factors significantly discriminate the two users. They are Gender, Marital Status, Educational Level, Monthly income and Type of investors (one per cent level of significance).

8. SUGGESTION OF THE STUDY

1. Educating the investor is the need of the hour. Though a number of institutions offer investor education, it is not sufficient, continuous awareness programme should be conducted. Financial institutions with the help of social organizations like Rotary club, Lions club and Banking companies may individually or jointly take part in educating investors. The participation of these institutions in the line would be a greater social cause and ultimately the country's resources will be diverted in the right way.
2. The success of any business depends upon the satisfaction of the customer. In order to retain the existing investors, the financial institutions should offer satisfied returns to their investors and various schemes should be introduced to attract the new investors.
3. Grama sabha type of organizations should be developed for promoting the savings and the awareness on various investment schemes among the rural investors
4. Efforts should be made by the financial institutions to influence the customers to view the investments as a complete security and family protection rather than a tax saving instrument
5. Savings is the need of the hour in today's world. Co-operation of family members will help the investors to increase their savings, which reduces deficit budgets and helps the investor to face future challenges. More transparency about the institution and their performance would help the investors to channelize their investments safely.

9. CONCLUSION OF THE STUDY

From the results of the study, it can be concluded that investors have shown that they are following good investment policies and they are satisfied with their investment practices. Existing investing are showing interest to increase their investments and they also recommend to their friends to enhance their investment attitude and satisfaction. Factors which influenced on investors viz., perceptions on investment, Expenditure and Investment ,Saving and investment, information usage in investment decision, priority on investment, Investment avenues, perception towards investment, factors motivated to investment, personal and social status of investor, Investment preferences and knowledge level of investors and problems faced by investors all aspects have analysed in this study. The findings of the study indicate that investors satisfaction has led to the investment appreciation exhibited through various factors. This habit and satisfaction could be developed by providing more knowledge and awareness on new and innovative investment avenues such as investment in commodity market, futures and options and other financial innovative products. This will further improve on economy in general and give more revenues by way yield to the investors in particular.

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