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IMPACT OF PERSONALITY TRAITS IN MUTUAL FUND SELECTION
(With Special Reference to Tiruppur)

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ABSTRACT
There are a lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in Bank Deposits, Corporate Debentures, Mutual funds and Bonds where there is low risk but low return. He may invest in Stock of companies where the risk is high and the returns are also proportionately high. The recent trends in the Stock Market have shown that an average retail investor always lost with periodic bearish tends. People began opting for portfolio managers with expertise in stock markets who would invest on their behalf. Thus we had wealth management services provided by many institutions. However they proved too costly for a small investor. These investors have found a good shelter with the mutual funds. Personality traits imply consistency and stability someone who scores high on a specific trait like extraversion is expected to be sociable in different situations and over time. Over the years investment decision has become more complex, but in many occasions lot of factors like feelings , past experience and beliefs impact investment decisions and investors act in unexpected, irrational and unwise manner. When individuals and the financial advisor make financial decisions need to be aware of relevant personality traits as well as level of financial risk tolerance.

KEY WORDS: ***Investment decision, Risk tolerance, Personality traits.***

INTRODUCTION

Personality traits and their attitude towards risk have greater impact of one's investment behaviour. Behaviour is the range of actions and mannerisms made by organisms, systems, or artificial entities in conjunction with their environment, which includes the other systems or organisms around as well as the physical environment. The combination of psychology and economics which explains the why and how aspects of investors relating to stock market anomalies is termed as behavioural finance. According to American Psychological Association "Personality" refers to individual differences in characteristic pattern of thinking, feeling and behaving. Risk tolerance is one of the important components in investing which is mainly depended on investment objectives and attitude of the investor. It is referred as the degree to which an investor is willing and able to accept the possibility of an uncertain outcome to an economic decision. Numerous studies on investment behaviour have also proved that personality traits and risk tolerance of an investor play a major role in the investment decision of an individual. At the time of investment decisions the investor has to come across certain cognitive and emotional weakness.

Investors are provided with numerous savings and investment avenues such as bank deposits, provident fund, insurance schemes, mutual funds, equity shares, debentures, commodities and gold. Mutual fund acts as a popular investment tool for middle and high income group of individual investors as it offers a convenient and cost-effective way to invest in the financial markets. A mutual fund is a trust that pools the savings of number of investors who share a common financial goal and invest their savings in capital market and money market securities. It plays an important role in mobilising the household savings for deployment in capital market. Mutual fund also brings the benefit of diversification and money management to the individual investors by providing an opportunity for financial success that was once available only to a select few. It acts as a professional intermediary between the investors and the capital markets.

Many of the retail investors are not having adequate knowledge for informed investment decision. They are not aware of risk profile of the investment type (Ministry of Corporate affairs -Under the aegis of Investor Education and Protection Fund). To take a wise investment decision, the investors should have right information, planning and ability to assess the investment. Keeping this in mind, the study focuses on personality traits of individual investors which influence the investment decision.

STATEMENT OF THE PROBLEM

An investor can invest directly in securities or indirectly through financial intermediary. The number of investors participating in the financial markets has risen due to the availability and introduction of new financial products. Normally retail investors' trade with small amount of investment when compared to the institutional investors. Mutual fund provides liquidity, diversification and professional management for the fund invested. Retail investors always select mutual fund as one of the best suitable investment avenues for surplus amount.

Each investor is unique in his character, knowledge and ability to tolerate risk. Retail investors differ in financial planning, needs and expectation towards investment. Investment size and choice of investment decisions depend on their personal characteristics and their risk attitude towards investment avenues. Retail investors fall under highly distinctive clusters, under this background, the following research questions have been raised: Why do people save and invest and where do they invest? and Does the personality of the investors influence their investment decision?

SCOPE OF THE STUDY

The study mainly concentrates on individual investors of Coimbatore district and their attitude towards mutual funds. The purpose of the study is to understand the influence of personality traits in mutual fund selection by retail investors. Their investment objectives, preferred investment avenues and personality characteristic among individual investors are the focal points of the study. The unit of observation and analysis of survey is only individual investors in any of the mutual fund schemes. The fund performance and appraisal of fund houses are beyond the purview of the study.

REVIEW OF LITERATURE

Olweny, Namusonge and Onyango (2020) have classified financial attributes into home ownership and monthly income level, to analyse the effect of financial attributes in investors risk tolerance level. 500 Central Depository System account holders constitute the sample for the study and statistical tools such as ANOVA and Ordinal Logistic regression model were employed to determine the effect on each variable and to establish the effect of financial attributes on risk tolerance. The study explains that the home owners were more risk-tolerant than non-owners, earning and income of the respondents influence the risk tolerance level of an individual investor. The authors concluded that the wealthy people are not willing to accept higher risks, financial risk tolerance increases with income level and wealth.

Arshi A. Tahseen and S. Narayana (2019) carried out a study to understand the consumer attitude towards financial products, particularly the mutual funds and their risk attitude of the respondents. Systematic sampling method was used to collect data from 200 consumers of Oman and applied a Pearson product moment correlation and multiple standard regressions in order to find probable relationship between the items. The Oman people generally seemed to be risk-averse towards capital markets and are very cautious about the risk involved in the investment while making the financial decisions.

To increase the risk appetite of the people and make more people to investment in mutual funds, the authors suggested to the asset management companies and professionals to offer more variety of funds which provides new opportunities in capital markets. The study concluded that implementing suitable strategies will increase the attraction towards mutual funds in Oman.

OBJECTIVES OF THE STUDY

To find answers to the above questions the following objectives were framed:

1. To understand the investment objectives and preferred investment avenues of individual investors.
2. To analyse the influence of personality traits in mutual fund selection.
3. To ascertain the association between the personality traits of the investors and the preferred investment types.

FRAMED HYPOTHESES

Based on the objectives, the following null hypotheses were tested:

1. **H_o:** Personal variables of the individual investors do not have an impact on their savings and investment pattern.
2. **H_o:** There is no association between personality traits of the individual investors and their attitude towards investment channels.

LIMITATIONS OF THE STUDY

1. The sample selected from each taluks was restricted to 100, which results in 720 valid samples; it may not adequately represent the national market. Hence the findings cannot be generalised.
2. The results are based on the information collected from the respondents. So there may be a chance of bias.
3. The mutual fund investors have also invested in different investment channels. So their personality traits may affect the research findings.

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CONCEPTUAL FRAMEWORK

Table 1-Big five factor model

I	**Openness to Experience**		
	Curious investor	Vs	Conservative investor
II	**Extraversion**		
	Extrovert (Talkative and Sociable)	Vs	Introvert (Shy and reserved)
	Risk		
	Risk avoider (Prefers to avoid risk)	Vs	Risk taker (Prefers to take risk)
	Return		
	Economic investor (Highly focused on return than risk)	Vs	Highly economical investor (Thinks that return as a part of investment)
III	**Conscientiousness**		
	Careless / Spontaneous investor (The people are careless and spontaneous)	Vs	Cautious investor (Planned or organised before any work)
	Dependability		
	Independent investor (They are independent and always take decision on their own)	Vs	Dependent investor (They depend others for information)
IV	**Agreeableness**		
	Suspicious investor (They are always suspicious)	Vs	Trusting investor **(**They believe others)
V	**Neuroticism**		
	Relaxed / Confident investor (Stable and relaxed in taking decisions)	Vs	Emotional investor (Take decision based on emotions)

RESEARCH DESIGN AND METHODOLOGY

The data needed for the study is primary in nature. In order to fulfill the objectives, the study was undertaken by using a well-framed questionnaire that was duly filled in by the respondents. The questionnaire is comprised of five sections. The first section deals with the profile of the investors, their savings and investment information. The second section has 17 statements to understand the personality traits of the investors and their risk profile. This is based on "Big five" factors in personality traits. The responses of the investors were measured with five-point Likert's scaling technique (strongly disagree, disagree, neutral, agree and strongly agree). The last portion deals with the source of information about mutual fund, investment method and their preferred mutual fund schemes.

A pilot questionnaire was first administered to small samples of 50 mutual fund investors after pre-testing, necessary modifications were made in the questionnaire to fit in the track of the present study. The final collection of data was initiated in the month of November 2012 and completed by the end of May 2013 with a response rate of 90 per cent.

Testing validity and reliability of the instrument- In order to ascertain the validity of the instrument, the questionnaire so drafted was circulated among some research experts, mutual fund investors, agents and research scholars for a critical review with regard to wording, format, sequence and the like. The questionnaire was re-drafted in the light of their comments.

The reliability was measured by using the Cronbach- Alpha Coefficient.The correlation coefficient attained from the questionnaire on investment objective was 0.721 and current attitude towards investment type was 0.715. The correlation co-efficient attained for personality traits assessment with 17 items was 0.727. The result indicated that the instruments were reliable as the reliability coefficients were more than 0.700.

Sample size selection and sampling techniques - The universe of the study consists of all retail investors in each taluks of the Coimbatore district. From each taluks, 100 respondents were selected using non-probabilistic convenient and judgment sampling method and the total sample size was 800 retail investors initially. A well-structured questionnaire was issued to all the 800 retail investors, Out of which 80 questionnaires were found to be incomplete and were rejected. Finally 720 questionnaires which were found to be valid in every respect were considered for the study. Thus the response rate was at 90 per cent. The sample for the study is 720 individual investors for primary data collection.

Statistical tools used for analysis- The difference in the extent of selecting the mutual funds between the different types of respondents based on their age, gender, educational qualification, marital status, family size, employment status, source of income annual income, number of earning members in the family, annual savings and investment time horizon was studied by means of percentages, averages, ranges, standard deviation, two-way classification tables and Chi-Square test

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ANALYSIS OF DATA

Table 2
Demographic profile of the retail investors

Variables	Categories	Number of respondents	
		(Total =720)	Percentage (%)
Age in Years	Below 30 Years	102	14.1
	30-40 Years	408	56.7
	41-50 Years	169	23.5
	Above 50 Years	41	5.7
Gender	Male	528	73.3
	Female	192	26.7
Educational Qualification	School level	201	27.9
	Graduate	332	46.1
	Post graduate	114	15.8
	Diploma	53	7.4
	Professional degree	20	2.8
Marital status	Married	657	91.2
	Unmarried	63	8.8
Family size	Upto 3 members	169	23.5
	4-5 members	421	58.5
	Above 5 members	130	18.0
Employment status	Agriculturist	35	4.9
	Business	463	64.3
	Professional	31	4.3
	Retired	22	3.1
	Employed	134	18.6
	Home-maker	35	2.9

Source: Primary data

Table 2 reveals that 56.7 per cent of the respondents are in the age group of 31-40 years, 73.3 per cent of them are male; 46.1 per cent of them are found to be graduates. 91.2 per cent of them are married and 58.5 per cent of the respondents have 4-5 family members. 64.3 per cent of them are doing business. Majority of the respondents (73.3 per cent) are found to be male, who fall under the category of middle age (30-40 years), married and are doing business. They are responsible for their family member's financial needs and also for most of the financial decisions.

Table 3
Income profile of the investors

Variables	Categories	Number of respondents	
		(Total =720)	Percentage (%)
Source of Income *	Salary	82	24.3
	House property	31	4.1
	Capital gains	15	2.0
	Business/profession	495	66.0
	Others (interest and dividend)	39	5.2
Annual Income	Below Rs.1,00,000	41	5.7
	Rs.1,00,001- Rs. 3,00,000	478	66.4
	Rs.3,00,001- Rs. 5,00,000	157	21.8
	Above Rs.5,00,000	44	6.1
Number of Earning Members	One member	282	39.2
	Two members	370	51.4
	Above two members	68	9.4
Annual savings	Less than Rs.10,000	319	44.3
	Rs.10,001-Rs.50,000	298	41.4
	Rs.50,001 to Rs.1,00,000	55	7.6
	Above Rs.1,00,000	48	6.7

Source: Primary data *** Indicates Multiple responses**

Table 3 reveals that 66 per cent of the respondents have income from their business or profession. 66.4 per cent of the respondents are earning an annual income between Rs.1, 00,001 and Rs.3, 00,000. 51.4 per cent of them have two earning members in their family and 44.3 per cent of them save less than Rs.10, 000 annually. More than 50 per cent of the respondents have business/ profession as their source of income and have two earning members in their family.

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Table 4
Investment profile of the select retail investors

Variables	Categories	Number of respondents (Total =720)	Percentage (%)
Source of information for investment *	Offer document	4	0.6
	Self- analysis	223	31.0
	SEBI website	15	2.1
	Newspaper, TV and Radio	87	12.01
	Broker	523	72.6
	Website of particular mutual fund	51	7.1
	Friends and relatives	226	31.4
Percentage of Savings invested in mutual fund	Less than 20%	542	75.3
	20-30%	93	12.9
	31-40%	30	4.2
	41-50%	29	4.0
	More than 50%	26	3.6
Channels preferred for investment in mutual fund	Direct investment	50	6.9
	Brokers	166	23.1
	Banks/ financial advisors	442	61.4
	More than 1 channel	62	8.6
Mode of investment in mutual fund	One-time investment	91	12.6
	Systematic Investment Plan (SIP)	629	87.3
Period of investment in mutual fund	Less than 1 year	26	3.6
	Upto 2 years	115	16.0
	Upto 3 years	320	44.4
	More than 3 years	259	36.0

Source: Primary data *** indicates multiple responses**

Table 4 shows that 72.6 per cent of the respondents are aware of mutual fund investment schemes through brokers. 75.3 per cent of the respondents used less than 20 per cent of their annual savings for mutual fund investment. 61.4 per cent of the respondents preferred to pay through banks /financial advisors. 87.3 per cent of the respondents have invested through Systematic Investment Plan (SIP) in mutual fund. 44.4 per cent of the respondents have invested in mutual funds for a period of 3 years.

Table 5
Investment objectives of the respondents

Investment objective	*Extremely important*	*Very important*	*Somewhat important*	*Somewhat unimportant*	*Not at all important*
Number of respondents = 720					
Capital preservation and regular income	437 (60.7%)	197 (27.4%)	10 (1.4%)	52 (7.2%)	24 (3.3%)
Tax reduction	218 (30.3%)	299 (41.5%)	112 (15.6%)	51 (7.1%)	40 (5.6%)
Meeting contingencies	155 (21.5%)	210 (29.2%)	292 (40.6%)	46 (6.4%)	17 (2.4%)
Children's education	457 (63.5%)	220 (30.6%)	34 (4.7%)	3 (0.4%)	6 (0.8%)
Wealth creation	465 (64.6%)	238 (33.1%)	17 (2.4%)	-	-
Provision for safe retirement	459 (63.7%)	166 (23.1%)	35 (4.9%)	33 (4.6%)	27 (3.8%)
Meeting medical expenses	236 (32.8%)	202 (28.1%)	248 (34.4%)	24 (3.3%)	10 (1.4%)

Source: Primary data **(Figures within parenthesis are percentages)**

Table 5 reveals the investment objectives of the respondents. The investment objectives which were considered 'extremely important' by more than 60 per cent of the respondents include income and capital preservation (60.7 per cent), children's education (63.5 per cent), wealth creation (64.6 per cent) and provision for retirement (63.7 per cent). 41.5 per cent of the respondents rated tax reduction as 'very important' investment objectives. Meeting contingencies (40.6 per cent) and covering

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medical expenses (34.4 per cent) were rated as 'somewhat important' by the respondents. As most of the respondents are married, middle-aged people and are financially responsible for their dependents they prefer income and capital preservation, children's education, wealth creation and provision for retirement as extremely important objectives for their investment.

Table 6
Attitude towards investment types

Investment types	*Highly favourable*	*Favourable*	*Somewhat favourable*	*Not very favourable*	*Not at all favourable*
Number of respondents = 720					
Government securities	231 (32.1%)	265 (36.8%)	129 (17.9%)	64 (8.9%)	31 (4.3%)
Bank deposit	208 (28.9%)	348 (48.3%)	80 (11.1%)	45 (6.3%)	39 (5.4%)
Provident fund/PPF	156 (21%)	332 (46.1%)	110 (15.3%)	72 (10.0%)	50 (6.9%)
Insurance scheme	521 (72.4%)	148 (20.6%)	46 (6.4%)	5 (0.7%)	0 (0.0%)
Mutual funds	538 (74.7%)	126 (17.5%)	48 (6.7%)	7 (1.0%)	1 (0.1%)
Share/debentures	285 (39.6%)	224 (31.1%)	167 (23.2%)	43 (6.0%)	1 (0.1%)
Commodities(gold)	176 (24.4%)	253 (35.1%)	189 (26.3%)	89 (12.4%)	13 (1.8%)
Real estates	358 (49.7%)	178 (24.7%)	137 (19.0%)	39 (5.4%)	8 (1.1%)

Source: Primary data **(Figures within parenthesis are percentages)**

Table 6 highlights that 74.7 per cent of the sample investor of Coimbatore considered mutual funds, followed by insurance schemes (72.4 per cent), real estates (49.7 per cent) and share/debentures (39.6 per cent) as highly favourable investment types for them. On the other hand, the respondents having favourable opinion towards government securities account for 36.8 per cent, bank deposit with 48.3 per cent, provident fund/PPF with 46.1 per cent and commodities (gold) with 35.1 per cent. It is noted from the present study that 74.7 per cent of the respondents considered mutual funds as highly favourable investment type.

Table 7
Investment objectives in relation to mutual funds

Objectives	**Category**	**Number of Respondents (720)**	**Percentage (100)**
Return	Regular Income	290	40.3
	Growth	335	46.5
	Both	95	13.2
Stability	Safety	385	53.5
	Speculation	281	39.0
	Both	54	7.5
Marketability	High liquidity	413	57.4
	High profitability	248	34.4
	Both	59	8.2
Tax benefit	Tax Saving	419	58.2
	Non-tax saving	266	36.9
	Both	35	4.9

Source: Primary data

Table 7 reveals that 46.5 per cent of the respondents have invested in mutual funds with an aim to get growth in their returns. 53.5 per cent of the respondents find mutual fund as a safe place to park their funds. High liquidity is the investment objectives of 57.4 per cent of the respondents and 58.2 per cent of the respondents have chosen mutual funds for tax saving purpose.

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Table 8
Preferred Mutual Fund Schemes by Investor Respondents

Variables	Mutual Fund Schemes	No. of Respondents (720)	Percentage (100)
Structure-wise	Open-ended schemes	468	65.0
	Closed-ended schemes	236	32.8
	Interval scheme	18	2.5
Nature-wise	Equity fund	418	58.1
	Debt fund	328	45.6
	Balanced fund	100	13.9
Sponsor-wise	Bank-sponsored	332	46.1
	Institutional-sponsored	342	47.5
	Private-sponsored	105	14.6

Source: Primary data

It is identified from Table 8 that 65.0 per cent of the respondents have invested in open-ended schemes of mutual funds, 58.1 per cent of the respondents invested in equity fund and 47.5 per cent of the respondents invested in institution-sponsored mutual funds.

To identify the personality type of the selected respondents, seventeen statements were used for analysis and the details are furnished in Table9.

Table 9-Personality assessment of the investors

Factors	SDA	DA	N	A	SA
Number of respondents=720					
I preferred to invest in innovative products	8 (1.1%)	10 (1.4%)	37 (5.1%)	128 (17.8%)	537 (74.6%)
I usually invest in traditional or familiar type of investment	1 (0.1%)	10 (1.4%)	22 (3.1%)	326 (45.3%)	361 (50.1%)
I am more a listener than a talker	1 (0.1%)	10 (1.4%)	33 (4.6%)	306 (42.5%)	370 (51.4%)
I enjoy socialising with large group of people	2 (0.3%)	11 (1.5%)	14 (1.9%)	312 (43.3%)	381 (52.9%)
I always prefer my money to be safer from risk	4 (0.6%)	15 (2.1%)	95 (13.2%)	283 (39.3%)	323 (44.9%)
I am prepared to risk some of my money when making an investment	3 (0.4%)	14 (1.9%)	89 (12.4%)	401 (55.7%)	213 (29.6%)
I am always a risk taker as risk and return go together	11 (1.5%)	14 (1.9%)	39 (5.4%)	322 (44.7%)	334 (46.4%)
I am highly focused on return than risk while investing	4 (0.6%)	9 (1.3%)	18 (2.5%)	403 (56.0%)	286 (39.7%)
I consider return as a part of my investment	4 (0.6%)	2 (0.3%)	58 (8.1%)	276 (38.3%)	380 (52.8%)
I am very careful in planning and selecting a suitable investment option	4 (0.6%)	16 (2.2%)	20 (2.8%)	325 (45.1%)	355 (49.3%)
I tend to be careless and unorganised	39 (5.4%)	107 (14.9%)	43 (6.0%)	339 (47.1%)	192 (26.7%)
I am totally ignorant and exclusively depend on financial advisor	569 (79.0%)	35 (4.9%)	33 (4.6%)	46 (6.4%)	37 (5.1%)
I always pay attention to details and can easily make decision by myself	91 (12.6%)	12 (1.7%)	82 (11.4%)	293 (40.7%)	242 (33.6%)
I tend to trust the information as received	11 (1.5%)	83 (11.5%)	54 (7.5%)	405 (56.3%)	167 (23.2%)
I don’t simply believe the information from people/ I tend to find fault with others	9 (1.3%)	26 (3.6%)	139 (19.3%)	317 (44.0%)	229 (31.8%)
I take an investment decision only based on my emotions	32 (4.4%)	37 (5.1%)	131 (18.2%)	297 (41.3%)	223 (31.0%)
I am always relaxed and confident in my decision	17 (2.4%)	22 (3.1%)	91 (12.6%)	256 (35.6%)	334 (46.4%)

Source: Primary data **(Figures within parenthesis are percentages)**
SDA= strongly disagree; DA= Disagree; N= Neutral; A= Agree; SA= Strongly agree

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Table 9 reveals that out of 720 respondents, 537 (76.4 per cent) of them strongly agree towards the statement "I preferred to invest in innovative products" followed by 128 (17.8 per cent) respondents agree towards it. With regard to the statement "I usually invest in traditional or familiar type of investment", majority (50.1 per cent) of the respondents have given the opinion as strongly agree, continued by 326 (45.3 per cent) respondents agree about the statement. Regarding the statement "I am more a listener than a taker", 370 (51.4 per cent) respondents have given the opinion as strongly agree, followed by 306 (42.5 per cent) respondents have given as agree. About the statement "I enjoy socialising with large group of people", majority (52.9 per cent) of the respondents had given the opinion as strongly agree, continued by 312 (43.3 per cent) of them as agree.

With reference to the statement "I always prefer my money to be safer from risk", majority (44.9 per cent) of the respondents strongly agree followed by 283 (39.3 per cent) of the respondents agree towards the statement. Regarding the statement "I am prepared to risk some of my money when making an investment" majority (55.7 per cent) the respondents agree about it; whereas 213 (29.6 per cent) respondents strongly agree about the statement. With regard to the statement "I am always a risk taker as risk and return go together", the maximum of 334 (46.4 per cent) respondents have given the opinion as strongly agree, followed by 322 (44.7 per cent) respondents agree towards it. As far as the statement "I am highly focused on return than risk while investing", the maximum of 403 (56.0 per cent) respondents agree about it; whereas 286 (39.7 per cent) respondents strongly agree about the statement. Regarding the statement "I consider return as a part of my investment", 380 (52.8 per cent) respondents strongly agree about it and 276 (38.3 per cent) investor respondents agree towards the statement. About the statement "I am very careful in planning and selecting a suitable investment option", 355 (49.3 per cent) of the total respondents have given the opinion as strongly agree and 325 (45.1 per cent) respondents have given as agree. With reference to the statement "I tend to be careless and unorganised", majority (47.1 per cent) of the respondents agree towards it, whereas 192 (26.7 per cent) respondents strongly agree about it.

As far as about the statement "I am totally ignorant and exclusively depend on financial advisor", maximum of 569 (79.0 per cent) respondents have given the opinion as strongly disagree. About the statement "I always pay attention to details and can easily make decision by myself", 293 (40.7 per cent) of the respondents agree about it, whereas 242 (33.6 per cent) respondents strongly agree about it. With reference to the statement "I tend to trust the information as received", majority (56.3 per cent) of the respondents agree towards it and 167 (23.2 per cent) respondents strongly agree about it. 317 respondents (44.0 per cent) out of the total respondents gave the opinion as agree and 229 (31.8 per cent) respondents strongly agree about the statement "I don't simply believe the information from people/ I tend to find fault with others". As far as the statement "I take an investment decision only based on my emotions", a majority (41.3 per cent) of the respondents have given the opinion as agree; followed by 223 (31.0 per cent) respondents have given as strongly agree. Finally, as far as the statement "I am always relaxed and confident in my decision", a maximum of 334 (46.4 per cent) respondents strongly agree with that statement, followed by 256 (35.6 per cent) investor respondents agree about the statement.

Table 10
Classification of investors based on the personality traits of Big 5 factor

Factor No.	Personality Traits	No. of Respondents (Total=720)	%
I	**Openness to Experience**		
	Conservative investor	405	56.3
	Curious investor	315	43.8
II	**Extraversion**		
	Extrovert	236	32.8
	Introvert	484	67.2
	Risk		
	Risk avoider	266	36.9
	Risk taker	454	63.1
	Return		
	Economic investor	245	34.0
	More economic(highly focused on return)	475	66.0
III	**Conscientiousness**		
	Careless / Spontaneous investor	367	51.0
	Cautious investor	353	49.0
	Dependability		
	Independent investor	408	56.7
	Dependent investor	312	43.3

Factor No.	Personality Traits	No. of Respondents (Total=720)	%
IV	**Agreeableness**		
	Suspicious investor	190	26.4
	Trusting investor	530	73.6
V	**Neuroticism**		
	Relaxed / Confident investor	340	47.2
	Emotional investor	380	52.8

Source: Based on Primary data

Table 10 reveals that 56.3 per cent of the respondents are conservative, that is, they prefer traditional investment method. 67.2 per cent of the respondents belong to introvert type. They are found to be shy and reserved. 63.1 per cent of the investors are ready to take risk, 66 per cent of select investors are more economic, focusing only on returns. 51 per cent of the investors are spontaneous or careless in nature and 56.7 per cent investors are independent, that is they take decision on their own.73.6 per cent of the investors belong to the trusting personality, that is, they trust/depend on others for information. 52.8 per cent of the investors are emotional in nature.

Association between personality traits of the investors and investment types

H_0: There is no significant association between the personality traits of the investors and the preferred investment types.

Table 11
Association between personality traits and investment types

Personality Traits	Chi-Square value	p-value	Result
Openness to Experience	62.631	0.000	Reject
Extraversion	173.145	0.000	Reject
Conscientiousness	427.791	0.000	Reject
Agreeableness	306.936	0.000	Reject
Neuroticism	171.805	0.000	Reject

Source: Based on primary data

Association between personality traits and investment types reveals that there is a significant relationship between the five personality traits, namely openness to experience, extraversion, conscientiousness, agreeableness and neuroticism and preference on various types of investment. The results of the present study are different from the results found by Chitra et al (2011).

Table 12
Relationship between investors personality and different investment types – Kruskal Wallis test statistics

Investment types	Chi-Square	df	'p' Value
Government Securities	194.36	2	0.000**
Bank Deposits	231.83	2	0.000**
Provident Fund / PPF	160.68	2	0.000**
Insurance Schemes	127.22	2	0.000**
Mutual Funds	150.00	2	0.000**
Share / Debentures	95.57	2	0.000**
Commodities (Gold)	80.43	2	0.000**
Real Estates	9.89	2	0.007**

Source: Based on primary data **Note : ** - Significant at 1% level**

Table 12 indicates that there is a significant difference between investment personalities, namely risk takers, curious investors and traditional investor and types of investments namely government securities, bank deposits, provident fund / PPF, shares / debentures, insurance schemes, mutual funds, real estates and commodities (gold), and the 'p' values of all these variables are significant.

Major Findings and Suggestions

(a) More than 60 per cent of the investors felt income and capital appreciation as extremely important investment objective for them. It may be suggested to the investors to invest in balanced schemes and equity-linked service schemes (ELSS) to attain their investment objective.
(b) The investor is advised to consider all factors of the schemes before investing in a particular type of mutual fund.
(c) Mutual funds are the best tools for long-term wealth creations. They should identify the top performing mutual funds which will help in achieving their financial goals.
(d) They should identify their investment objective, time horizon of investment and risk appetite to arrive at their investment plan. Investing in best performing mutual fund through SIPs will give good returns.

(e) Besides the return and risk the investor should consider the age of the fund, expenses ratio, standard deviation and overall risk grades of the fund. Funds with a good track record for the last 5 to 10 years should be preferred. A good mutual fund will have a low Standard Deviation, high alpha and low beta.

CONCLUSION

The emergence of various mutual fund products with different risk- return combination induces the investor to invest in select mutual fund products. Among the five personality types, namely openness to experience, extraversion, conscientiousness, agreeableness and neuroticism, the personality trait 'consciousness' influences the mutual fund selection. It can be concluded that the personality traits help the mutual fund investors to take wise investment decisions.

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