


# INVESTOR RISK TOLERANCE AND ITS EFFECT ON MUTUAL FUND INVESTMENT DECISIONS

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## ABSTRACT-----

### **Purpose**

Investor risk tolerance on mutual fund investment decisions. It aims to understand how varying levels of risk tolerance influence fund selection, asset allocation, and investment strategies. By examining factors such as age, income, financial literacy, and market conditions, the study seeks to identify the key drivers that shape an investor's risk-taking behavior. Additionally, it explores the role of behavioral finance in investment decision-making, highlighting how psychological biases affect risk perception. The research provides insights that can help financial advisors, mutual fund companies, and policymakers develop better strategies to align investment options with individual risk profiles, ultimately leading to more informed and rational investment decisions.

### **Design/Methodology/approach:**

A comparative analysis is conducted to examine how different investor segments respond to market fluctuations and how their investment preferences shift over time. Additionally, secondary data analysis is conducted using historical mutual fund performance reports and investment patterns of different risk-tolerant investor groups. Statistical tools, such as correlation analysis, regression models, and risk profiling techniques, are applied to establish relationships between risk tolerance levels and mutual fund choices.

### **Findings:**

Investor Risk Tolerance and Its Effect on Mutual Fund Investment Decisions reveal that risk tolerance significantly influences an investor's choice of mutual funds. Investors with high-risk tolerance tend to prefer equity-oriented mutual funds, which offer higher potential returns but come with greater market volatility. In contrast, risk-averse investors prefer debt or balanced mutual funds, prioritizing stability and predictable returns over high-risk opportunities. The study also highlights that demographic factors such as age, income, education level, and investment experience play a crucial role in shaping an investor's risk-taking behaviour.

### **Originality:**

The originality of the study on Investor Risk Tolerance and Its Effect on Mutual Fund Investment Decisions lies in its comprehensive approach to analysing the relationship between an investor's psychological risk appetite and their mutual fund selection. Unlike traditional financial studies that focus primarily on risk-return trade-offs and portfolio diversification, this research integrates behavioural finance theories to explain how psychological biases, emotions, and external market conditions influence investment decisions. By incorporating both quantitative data analysis and behavioural insights, the study provides a holistic perspective on why investors often deviate from rational decision-making models.

### **Research limitations/implications:**

Investor Risk Tolerance and Its Effect on Mutual Fund Investment Decisions has certain research limitations and implications that need to be considered. One of the key limitations is that risk tolerance is not static; it evolves over time due to changes in an investor's financial situation, age, market conditions, and economic outlook. This makes it challenging to create a fixed model that accurately predicts investment decisions over the long term. Additionally, the study relies on self-reported data collected through surveys and questionnaires, which may be subject to biases, as investors may not always accurately assess their own risk appetite or may provide socially desirable responses rather than honest ones.

### **Practical implications:**

*Investor Risk Tolerance and Its Effect on Mutual Fund Investment Decisions has significant practical implications for financial advisors, mutual fund managers, investors, and policymakers. Understanding an investor's risk tolerance allows financial advisors to provide more personalized investment recommendations, ensuring that clients choose mutual funds that align with their risk appetite and financial goals. This can help prevent mismatched investments, where risk-averse investors unknowingly invest in high-risk funds or aggressive investors settle for low-return investments that do not meet their long-term objectives. For mutual fund companies, the study highlights the importance of designing and marketing investment products tailored to different risk profiles.*

**Social implications:**

*Investor Risk Tolerance and Its Effect on Mutual Fund Investment Decisions has several social implications that impact financial well-being, economic stability, and investor behaviour. One of the key social benefits of understanding risk tolerance is the promotion of financial literacy and responsible investing. When individuals are aware of their own risk-taking behaviour, they are more likely to make informed financial decisions, reducing the chances of impulsive or emotionally driven investments that could lead to significant financial losses. This contributes to greater financial security for individuals and households, ultimately leading to improved economic well-being.*

**Keywords:**

**JEL Codes: G11 G23 D81 G41 G32 E44**

**Article classification:** Research Paper with Empirical Evidence-----

## INTRODUCTION

Investing in mutual funds has become one of the most popular financial strategies for individuals seeking to grow their wealth while managing risk. However, the success of an investment largely depends on an investor's risk tolerance, which refers to their ability and willingness to endure fluctuations in investment value in pursuit of financial returns. Risk tolerance is a critical factor in investment decision-making, as it directly influences asset allocation, fund selection, and portfolio diversification. Different investors have varying levels of risk tolerance, shaped by factors such as age, income level, financial knowledge, investment experience, and economic conditions. Understanding how risk tolerance affects mutual fund investment decisions is essential for financial planners, fund managers, and individual investors, as it helps in aligning investment choices with long-term financial goals.

Mutual funds offer a wide range of investment options, including equity funds, debt funds, balanced funds, and index funds, each catering to investors with different risk appetites. Investors with high-risk tolerance tend to favor equity-oriented funds, as they offer the potential for higher returns despite being subject to market volatility. On the other hand, risk-averse investors prefer debt or balanced funds, which provide stability and predictable returns with lower exposure to market fluctuations. The ability to assess and manage risk tolerance effectively is crucial for achieving optimal portfolio performance and ensuring that investment strategies align with an individual's financial objectives.

In addition to financial factors, behavioral finance plays a significant role in shaping investor decisions. Psychological biases such as loss aversion, overconfidence, and herd behavior often cause investors to make irrational investment choices that deviate from their true risk tolerance. For example, during market downturns, even high-risk-tolerant investors may panic and shift their investments to low-risk funds, while risk-averse investors may be influenced by rising markets and invest in risky funds despite their usual preference for safety. Understanding these behavioral tendencies can help financial advisors develop strategies to mitigate emotion-driven investment mistakes and guide investors toward rational, goal-oriented decision-making.

Moreover, the level of financial literacy and investment awareness significantly impacts how investors perceive and manage risk. Investors with higher financial knowledge are more confident in making informed decisions, effectively managing risk, and maintaining a long-term perspective, whereas those with limited financial awareness are more susceptible to speculation, misinformation, and market panic. Enhancing investor education on risk management, asset allocation, and market dynamics is essential for fostering responsible investing behavior and ensuring better financial outcomes.

The significance of risk tolerance in mutual fund investments extends beyond individual investors to the broader financial market. When investors make decisions that align with their actual risk appetite, financial markets

become more stable and efficient. Conversely, widespread misjudgment of risk can lead to market volatility, speculative bubbles, and financial crises. Understanding risk tolerance is also essential for mutual fund companies and policymakers, as it enables them to design financial products that meet the diverse needs of investors while maintaining market stability.

This study aims to explore the relationship between investor risk tolerance and mutual fund investment decisions, examining the factors that influence risk tolerance and how they impact investment behavior. By integrating empirical research, statistical analysis, and behavioral finance theories, this research seeks to provide valuable insights for financial advisors, investment firms, policymakers, and individual investors. The findings will contribute to the development of personalized investment strategies, enhanced financial literacy programs, and improved risk management frameworks, ensuring that investors make well-informed decisions that align with their financial goals and risk capacity.

## REVIEW OF LITATURE

- **Sharma Komal B., Dr. Prashant Joshi (April – June 2021):** This study made an attempt to analyze the performance of selected Debt, Equity and Hybrid fund schemes and compare the performance of selected Debt, Equity and Hybrid mutual fund schemes, measure the risk- return relationship and market volatility of the selected mutual fund schemes. The evaluation was achieved by using various financial tools like: Rate of Return, Standard Deviation, Beta, Sharpe Ratio, Jensen ratio, Treynor Ratio. The data was collected from the various authorized websites and factsheets of funds. This analysis concluded that majority of the funds selected for the study are average or below the average performer in CRISIL Rank. From selected funds Debt Mutual Fund schemes are best performer in CRISIL Rank. Majority of the funds outperformed in Sharpe, Treynor and Jensen ratio
- **Dr. Neelam Dhall, Dr. S.K. Khandelwal, Ms. Rashika Malik and Ms. Nitya Chawla, (June 2021):** The study is based on primary data collected through a questionnaire from 105 respondents residing in Delhi-NCR. Major reasons for investor's preference for mutual fund investment were found to be tax benefit, security, liquidity, return and reliability. Research findings suggest that there is a significant relationship between gender and investor's perception with respect to returns in mutual funds. Also, a significant relationship exists between age and investor's perception with regard to higher tax shield provided by mutual funds.
- **Dr. ANITA RAMAN, Ms. N. SAKTHI SELVAROHINI ( 09, 2020 ),** An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption of an individual. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives of individuals.
- **Rupashree.R, (March -2020) :** Indian economy focuses on saving a certain percentage of amount out of their earning on a regular basis the current gross savings rate of India is around 30%. There are various avenues where investors can invest their money classified as risky and risk less avenues like shares, debentures, bonds, money market instruments, post office investments, bank deposits etc. Mutual fund is one of the avenues where investors can invest in a group of securities under different category of funds with small investment amount and also can expect a moderate or high return depending upon the market. This paper focuses on analysing the perception of investors towards Mutual Funds on what factors play an Important role for them to invest in Mutual funds. Is it return, Diversification, fund management, professionalism,?
- **Ramakrishna ,(Issue-6 2017):** In this paper the investigation and performance analysis of four mutual fund investable growth oriented equity schemes for the period of five years of transition economy. Monthly NAV of different schemes have been used to calculate the returns from the fund schemes. The Alpha & Beta analysis, Co-efficient of Determination and the Sharpe's Ratio and Treynor's Ratio reveals are used to investigate the performance analysis of the four investors so proposed Sundaram BNP Paribas, HDFC , BIRLA and ICICI Prudential. He analysis has presented by balance Fun, giving highest returns over the risk free returns after taking the market risk in to account. On the other hand Growth fund is giving the lowest returns.
- **Gunjan Adhikari, Mustfa Hussain, Syed Md Faisal Ali Khan, Divya Rana and Amal Mohammed Sheikh Damanhour, (August, 2013) :** This study is done to determine the preferences of investors for investment in mutual funds in India. The objectives of the study were to identify the factors that influence the preferences of investors for investment in mutual fund, to analyze investment options other than mutual funds and to plan the promotion of mutual fund investment in India. The sample were divided into two i.e. Prospective and Existing investors. The study reveals the most preferred factor for investment in mutual fund by the existing investors is high return and tax benefits. Bank is the main factor which influences their investment decision as the

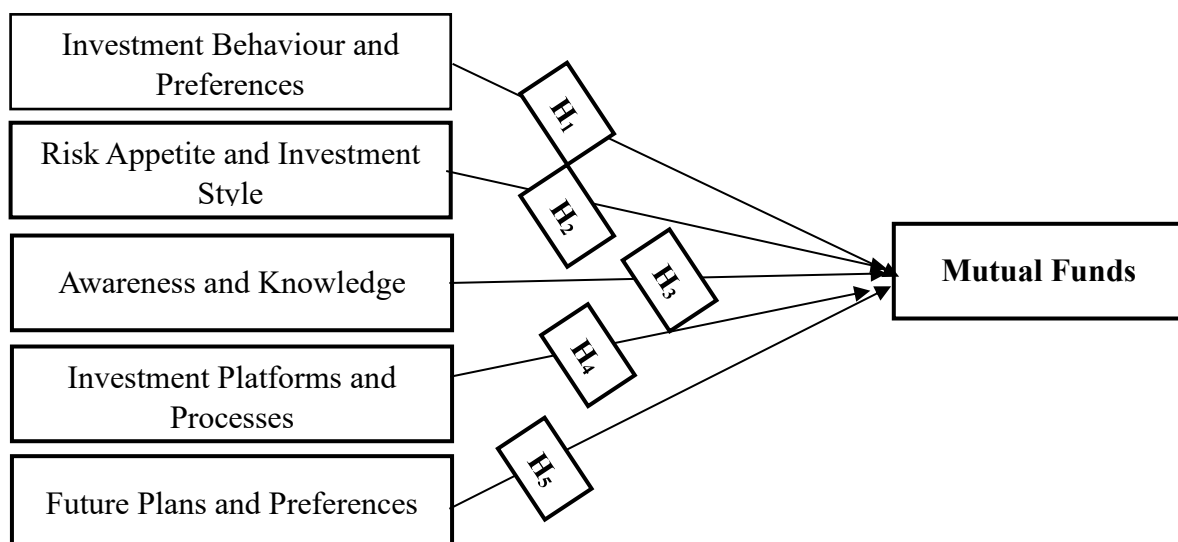
preferred distribution channel for investment. Tax benefit is the mostly preferred feature of mutual fund which attracts the investor for investment in mutual fund. Most of the prospective investors would like to seek the advice of their financial advisors and the bank personnel.

- **Peggy D. Dwyera, James H. Gilkesonb, John (1 October 2001):** Using data from a national survey of nearly 2000 mutual fund investors, we investigate whether investor gender is related to risk taking as revealed in mutual fund investment decisions. Consonant with the received literature, we find that women exhibit less risk-taking than men in their most recent, largest, and riskiest mutual fund investment decisions. More importantly, we find that the impact of gender on risk taking is significantly weakened when investor knowledge of financial markets and investments is controlled in the regression equation. This result suggests that the greater level of risk aversion among women that is frequently documented in the literature can be substantially, but not completely, explained by knowledge disparities. 2002 Elsevier Science B.V. All rights reserved.
- **Dr. R. Maheswari, R. Dineshkumar (October 2019):** The mutual fund Axis Equity are reviewed in detail with a brief introduction of the fund houses itself. A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The objective are be used to performance mutual funds In this research paper an attempt is made to analyze the performance of the growth oriente equity diversified schemes on the basis of return and risk evaluation
- **Manoj Kumar Dr. Yasir Arafat Elahi , (April 2018) :**The Indian capital market has been growing tremendously with the reforms of the industrial policy, reform of public sector and financial sector and new economic policies of liberalization, deregulation and restructuring. The Indian economy has opened up and many developments have been taking place in the Indian capital and money market with the help of financial institutions or intermediaries which foster savings and channel them to their most efficient use. One such financial intermediary who has played a significant role in the development and growth of capital market is Mutual Fund (MF). Mutual Funds are best alternative for those who do not have much knowledge about how to trade in capital market. Share is an ownership unit in corporation. The main feature of common or preferred stock is their liquidity and growth potential.
- **Dr. NALLA BALA KALYAN Dr. S. GAUTAMI ( May 2018 ) :**The study focuses on the risk and return of the selected mutual funds schemes in India. Risk refers to relatively objective probabilities which can be computed on the basis of past experience or some prior principle. Risk may be defined as the chance of variations in actual return. Return is defined as the gain in the value of investment. The return on an investment portfolio helps an investor to evaluate the financial performance of the investment. The article main aim is to evaluate the performance of selected mutual funds in India.
- **Bilal Ahmad Pandow Khurshid Ahmad Butt ,(2017):**The mutual funds is one of the important classes of financial intermediaries enabling tens of thousands small and large savers across India to participate in and get the benefits of the capital market. The involvement of mutual funds in the transformation of India's economy makes it all the more important to review their services for their role in mobilization and allocation of funds in the markets. The mutual funds have a lot of potential to grow but to capitalize the potential fully, however, the need is to create and market innovative products and frame distinct marketing strategies.
- **Arathy B, Aswathy A Nair, Anju Sai P , Pravitha N R (August 2015):** Mutual Funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. The Indian mutual fund industry is growing rapidly and this is reflected in the increase in Assets under management of various fund houses. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk averse investors. This project aims at finding out the factors affecting investment decision on mutual funds and its preference over retail investor
- **R. Ganapathi ,(January – March 2015) :**The mutual fund industry in India has registered significant growth since the liberalization of Indian Economy in 1991 and has emerged as a significant financial intermediary. The growing importance of Indian mutual funds may be noted in terms of the increased mobilization of funds and the increasing number of schemes and investors in the industry. The results show that there is a significant association between educational qualification of the investors and the risk tolerance level and occupation of the investors and the risk tolerance level.
- **Ms. Shilpi Pala , Prof. Arti Chandani , (11 2014) :**Mutual funds allow for portfolio diversification and relative risk aversion through collection of funds from the households and investment of the same in the stock and debt markets. Fixed- Income Funds in India are a kind of mutual fund which makes investment in debt securities that have been issued either by the companies, banks, or government. Fixed- Income Funds in India are also known as debt funds and income funds.

- **ANNAPOORNA AND PRADEEP K. GUPTA , (1 , Oct 2013 ):** Mutual fund industry has experienced a drastic growth in the past two decades. Increase in the number of schemes with increased mobilization of funds in the past few years notes the importance of Indian mutual funds industry. To fulfill the expectations of millions of retail investors, the mutual funds are required to function as successful institutional investors. Proper assessment of various fund performance and their comparison with other funds helps retail investors for making investment decisions.
- **Dr S.M.Tariq Zafar Dr Adeel Maqbool S.M.Khalid ,(August 2013) :** The present survey based study attempts to analyze the investor preference, influencing factor and awareness in the selected city by using Chi – Square Test on nine most trusted mutual funds irrespective of their size; they are Reliance AMC, ICICI Prudential AMC, Franklin Templeton, UTI AMC, HDFC AMC, Birla Sunlife AMC, Kotak AMC, JM Finance AMC, and SBI AMC. In last concluding remarks and recommendation is been given.
- **Kumar Saurabh,( September 2013):** In this paper it has been analyzed as what are the factors based on which investors select mutual funds for investment. Behavior of investor is most volatile in nature as investors not always rational during investment. In this paper investor behavior is being analyzed on the basis of demographic, technical and marketing factors of mutual funds. The factors which are being analyzed are demographic factors, theme of the fund, name of fund house, past performance of fund house, name of fund manager, investment style of fund manager, credit rating by agencies, standard of services of fund house, broker's advice, visibility of fund, tax benefit, portfolio of fund, minimum investment, scheme expense ratio, lock in period of fund.
- **V. Rathnamani, (Jan. - Feb. 2013):** The present study explains briefly about the mutual fund industry, The study also helps to understand the role of investment pattern and preferences of investors behind investing in mutual fund.
- **GEETHA M. RAMESH ,(2011) :** The main objective of the study is to elucidate the perceptions and behaviours of the small investors located in the town of Chidambaram, Tamil Nadu, South India towards the mutual funds and also suggest some measures to increase the quantum of investors and investments as well.
- **SIMRAN SAINI; DR BIMAL ANJUM ; RAMANDEEP SAINI; (1, May 2011):**The present study analyses the mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.

## RESEARCH METHODOLOGY

### • Conceptual Model



- **Statement of the Problem**

- **Research Gap**

This creates a significant gap in understanding how regional factors and investment behaviours interplay to enhance the sustainability of the financial sector within this emerging economic sector. Addressing this gap requires a multifaceted approach that considers the interplay between perceived investment costs, supply chain risks, regulatory frameworks, and broader investment behaviours, tailored to the specific context of Telangana's financial and environmental landscape. The social implications of Blue Finance in India and globally are diverse and multifaceted.

- **Objectives of the Study:** To analyse the concept of investor risk tolerance and its significance in investment decisions.

- To assess the different levels of risk tolerance (low, moderate, high) among investors.
- To examine the relationship between investor risk tolerance and mutual fund selection.

- **Hypothesis of the Study**

- H<sub>0</sub>: There is no significant relationship between investor risk tolerance and mutual fund investment decisions. and mutual fund investment decisions.
- H<sub>1</sub>: There is a significant relationship between investor risk tolerance and mutual fund investment decisions.
- H<sub>0</sub>: Investor risk tolerance does not significantly influence the choice of mutual funds.
- H<sub>1</sub>: Investor risk tolerance significantly influences the choice of mutual funds.

#### Sample Size

- **Limitations of the Study**

- **Limited Sample Size:** The findings may not be fully generalizable if the sample size is small or not diverse enough.
- **Self-Reported Data:** Investor responses in surveys or interviews may be biased or influenced by personal perceptions rather than actual investment behaviour.
- **Geographical Constraints:** If the study focuses on a specific region or country, the results may not be applicable to investors in other markets with different economic conditions.
- **Market Volatility:** The study may be affected by short-term fluctuations in financial markets, which could influence investor risk tolerance temporarily.

## ANALYSIS & INTERPRETATION

### Results and Discussion

#### Reliability Analysis

Reliability is a significant concern when utilizing a psychological test to assess a particular attribute or behavior (Rosenthal and Rosnow, 1991). To comprehend the functioning of a test, it is essential that the test consistently discriminates among individuals at a single point in time or across a duration. Reliability refers to the degree to which measurements yield consistent results across different individuals, occasions, conditions, and instruments designed to measure the same variable. Reliability refers to the consistency of measurement (Bollen, 1989) or the stability of measurement across various conditions, where similar results should be achieved (Nunnally, 1978).

Variables	Numbers of Items	Cronbach Alpha
Investment Behavior and Preferences	4	0.955
Risk Appetite and Investment Style	4	0.946
Awareness and Knowledge	4	0.935
Investment Platforms and Processes	4	0.946
Future Plans and Preferences	3	0.906
Mutual Funds	4	0.952

All measured variables display excellent reliability because their Cronbach's Alpha scores exceed 0.90. Combined Cronbach's Alpha (0.955) for the "Investment Behaviour and Preferences" variable reflects very robust internal consistency. Analysis of "Future Plans and Preferences" yielded the lowest Cronbach's Alpha score at 0.906 despite this value remaining in an excellent range.

#### Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) is a statistical method employed to validate the factor structure of a collection of observed data. Confirmatory Factor Analysis (CFA) enables the researcher to evaluate the hypothesis that a

relationship exists between observed variables and their underlying latent constructs. The researcher uses theoretical knowledge, empirical research, or a combination of both, formulates the relationship pattern a priori, and subsequently tests the hypothesis statistically (Suhr, 2006).

(Table – 2 Fit Indices of Confirmatory Factor Analysis)

Fit Indices	Recommended	Observed	Result
CMIN/df (minimum discrepancy as indexed chi-square)	>5 Terrible, >3 Acceptable, >1 Excellent	1.968	Excellent
GFI	>0.80	0.830	Acceptable
CFI (Comparative Fit Index)	<0.90 Terrible, <0.95 Acceptable, >0.95 Excellent	0.938	Acceptable
TLI (Tucker–Lewis index)	> 0.9	0.927	Acceptable
PNFI (Parsimony-Adjusted Measures)	> 0.5	0.750	Good
RMSEA (Root mean square error of approximation)	>0.08 Terrible, >0.06 Acceptable, >0.05 Excellent	0.046	Excellent

CMIN/df (1.968): The values indicate a strong model fit with the observed data according to the "excellent" category. GFI (0.830): A model fit value of (>0.80) indicates that the model demonstrates satisfactory representation of data statistics. CFI (0.938) and TLI (0.927): Acceptable fit indicators confirm model reliability according to Both indicators surpass "Excellent" range (>0.95) limitations. PNFI (0.750): The model demonstrates efficient parsimony when the PNFI value exceeds 0.50. RMSEA (0.046): The model approximation error rate falls within the "excellent" range (<0.05) due to its very low levels.

### Structure Equation Model

Structural equation modeling is a type of methodology that attempts to describe hypotheses about the means, variances, and covariances of observable data in terms of a smaller number of 'structural' parameters determined by an underlying conceptual or theoretical model. Historically, structural equation modeling evolved from a fusion of two distinct statistical traditions. The first tradition is factor analysis, which originated in the sciences of psychology and psychometrics. The second tradition is simultaneous equation modeling, which originated in econometrics but has a history in genetics and was introduced to sociology as route analysis (Kaplan, 2001).

(Table – 3 Fit Indices of Structure Equation Modelling)

Fit Indices	Recommended	Observed	Result
CMIN/df (minimum discrepancy as indexed chi-square)	>5 Terrible, >3 Acceptable, >1 Excellent	2.442	Acceptable
GFI	>0.80	0.896	Good
CFI (Comparative Fit Index)	<0.90 Terrible, <0.95 Acceptable, >0.95 Excellent	0.921	Acceptable
TLI (Tucker–Lewis's index)	> 0.9	0.945	Excellent
PNFI (Parsimony-Adjusted Measures)	> 0.5	0.589	Good
RMSEA (Root mean square error of approximation)	>0.08 Terrible, >0.06 Acceptable, >0.05 Excellent	0.037	Excellent

CMIN/df (2.442): A "reasonable discrepancy in prediction" characterizes the "Acceptable" range where values fall between one and three. GFI (0.896): Restored model fit levels surpass >0.80 thus indicating robust model consistency. CFI (0.921): The model fit assessment reveals an acceptable measure (<0.95) which demonstrates adequate comparison between structural model specifications and empirical data. TLI (0.945): The model demonstrates very strong consistency since TLI exceeds the acceptable threshold value (>0.90). PNFI (0.589): The minimum threshold of 0.50 was exceeded which shows that the model structure remains parsimonious. RMSEA (0.037): Significant model approximation error is minimal based on the "Excellent" range indication established at <0.05.

## Hypothesis Testing

(Table -4 Hypothesis Testing)

Hypothesis	P-Value	Result
H1: Investment Behaviour and Preferences & Mutual Funds	0.56	Not significant
H2: Risk Appetite and Investment Style & Mutual Funds	0.00	significant
H3: Awareness and Knowledge & Mutual Funds	0.00	significant
H4: Investment Platforms and Processes & Mutual Funds	0.00	significant
H5: Future Plans and Preferences & Mutual Funds	0.00	significant

## Discussion

**H1: Investment Behaviour and Preferences & Mutual Funds**

**P-Value (0.56):** The relationship is not statistically significant as the p-value is greater than the threshold of 0.05. Investment behaviour and preferences may not directly influence mutual fund investment decisions, possibly due to other mediating factors such as individual financial goals or external advice.

**H2: Risk Appetite and Investment Style & Mutual Funds**

**P-Value (0.00):** The relationship is statistically significant, as the p-value is less than 0.05. Risk appetite and investment style are crucial determinants of mutual fund investments, as investors tend to align their risk tolerance with the risk-return profile of mutual funds.

**H3: Awareness and Knowledge & Mutual Funds**

**P-Value (0.00):** The relationship is statistically significant. Awareness and knowledge positively influence mutual fund investment, indicating that informed investors are more likely to explore mutual funds as an investment option.

**H4: Investment Platforms and Processes & Mutual Funds**

**P-Value (0.00):** The relationship is statistically significant. The availability and efficiency of investment platforms and processes significantly impact mutual fund investments, as ease of access and user-friendly platforms encourage participation.

**H5: Future Plans and Preferences & Mutual Funds**

**P-Value (0.00):** The relationship is statistically significant. Future plans and preferences play a significant role in mutual fund investment decisions, as individuals often consider long-term goals like retirement or education when choosing mutual funds.

## CONCLUSION

Certain key variables drive mutual fund investment choices according to analysis. The direct evaluation of Investment Behaviour and Preferences failed to produce significant correlations although other intervening variables such as personal financial targets and outside counsel might be responsible. The risk tolerance of investors known as Risk Appetite and their investment styles emerge as vital factors because individuals plan their mutual funds based on risk-return connections. One's level of mutual fund investment awareness together with their knowledge base demonstrates that well-informed choices drive positive results in mutual fund decisions. Mutual fund participation increases due to investment platform functionality along with efficient processes which provide easy access and friendly user experiences. Mutual fund investment choices depend heavily on existing plans for the future alongside personal preferences. The study's results demonstrate the essential need to boost investor knowledge and build improved user-friendly investment platforms to increase mutual funds awareness among investors as suitable financial tools for diverse risk tolerance levels and long-term investment objectives.

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