

## A STUDY OF AN INTENSITY OF EQUITY FUND ATTRIBUTE ON INVESTOR DECISIONS IN ANDHRA PRADESH

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### ABSTRACT

*Over the past decade India has been catching up with the development in the global Mutual Fund Industry. This study investigates the relative importance of the attribute considered by investor in selecting mutual funds. Equity Mutual Fund's Fund manager experience as a decision parameter was tested with the selected investors/respondents; the ratings offered by them indicate the intensity of the same which are recorded against their Age, Sex, Education, job Income classification. Finding indicates that all the firms selected for the study register high to very high impact of attributes in their investment. Though, variation exists, it is micro marginal and is negligible, indicating the high impact of the attributes for all the firms selected for the study. In the mutual fund industry with increasing diversification and competition, the result of the study is expected to contribute to the process of structuring the funds managed by founder and to offer and insight to individual investors in their mutual fund selection.*

**Keywords:** Mutual fund Attributes, Equity fund, Fund manager experience, Attributes, Respondent.

### INTRODUCTION

Mutual funds gain significance today by their sheer market size, continuously and annually growing volume of investment, ever increasing size of investors, and increasing Mutual Fund plans. Any research assumes significance when it is conducted on a concept whose coverage is wide, considering the increasing dimensions of Mutual Funds the present study is relevant and contemporary in its nature. The present study discovers into the intensities of the characteristic / attributes of the Mutual Funds on investment decisions of the MF investors. Funds Manager Experience is most important for all financial instruments, Fund's past performance is very important attribute of Equity oriented fund Or Growth oriented fund, the study attempts to test and validate the influence or the intensity of the same on the MF investors against their demographic background.

The individual involved in fund management (Mutual, pension, trust fund, or hedge funds) must have a high level of education and professional credentials and appropriate. Investments managerial experience to qualify for this position. Investors should look for long-term, consistent fund performance with a fund manager whose tenure with the fund matches its performance time period. The whole point of investing in a fund is to leave the investment function to the professionals. Therefore, the quality of the fund manager is one of the key factors to consider when analyzing the investment quality of any particular fund.

## Methodology

**Objective to evaluate the Equity or Growth oriented fund's Fund Manager experience impact on investor decisions**

**Sample Universe:** Covers maximum Investors (Male and Female) of HDFC, RELIANCE and SBI Mutual funds houses in Anantapuram, Kurnool and Kadapa

**Sample Size:** Sample size of 432 respondents is selected for the study to make the study meaningful and relevant.

**Sample Distribution:** For the purpose of effective evaluation both Male and Female investors of HDFC, RELIANCE, and SBI Mutual Funds houses in Anantapuram, Kurnool and Kadapa districts are considered for offering proportionate representation.

| LOCATION<br>COMPANY | ANANTAPUR | KURNOOL | KADAPA | TOTAL |
|---------------------|-----------|---------|--------|-------|
| HDFC                | 53        | 69      | 60     | 182   |
| RELIANCE            | 45        | 59      | 51     | 156   |
| SBI                 | 27        | 36      | 31     | 94    |
| TOTAL               | 125       | 164     | 143    | 432   |

## Sampling Technique

Clustered sampling is used for offering proportionate representation to investors at three mutual fund houses are HDFC, RELIANCE and SBI. Purposive sampling technique is used to select the sample investors. A sample size of 432(HDFC-192, RELIANCE- 156, SBI-92) has been taken. Data is collected from the respondents of various cities in Andhra Pradesh like Kurnool, Anantapuram, Kadapa etc. Most of the mutual fund houses opened their offices in these cities and Cams online where applications are preliminarily processed and sends the information to the respective mutual fund head quarters through online is also having its offices in these cities. So we can easily meet the mutual fund investors at the offices of these AMCs. That is why I selected these cities for data collection.

**Sampling Frame Work:** Male and Female investors from HDFC, RELIANCE and SBI mutual fund houses in Anantapuram, Kadapa and Kurnool.

**Sample Characteristics:** Male and Female investors from Three selected Mutual Fund organization houses in Anantapuram, Kurnool and Kadapa.

**Sample Unit:** Male and female investor from selected HDFC, RELIANCE and SBI mutual fund houses, from the districts Anantapuram, Kurnool, and Kadapa Districts.

## DATA SOURCES

An empirical study of this nature should generate sufficient data through survey to base its findings on evaluation of data. The data collected for the present study comprises of both primary and secondary sources.

## STATISTICAL TOOLS APPLIED FOR ANALYSIS

The data collected through questionnaire is in the form of offered by investors for a specific attribute. Cumulative weighted average and Chi-Square test were used for the purpose of testing the influence of one variable on the other the test has been administered to study the influence of the demographic variables, attributes of mutual funds.

## DATA ANALYSIS

The following Table no 1 clearly depicts the outcome of survey in terms of empirical data referring to the aspects or benefits expected or projected by the investors while investing in Mutual Funds.

**Table No.3. 1: Impact of Fund Manager Experience- <2years, Experience-3-6years, Experience -7-10 Years on Investors- Age Wise**

| Age        | Fund manager experience - <2 years |             |             | Fund manager experience - 3-6 years |             |             | Fund manager experience - 7-10 years |             |             |
|------------|------------------------------------|-------------|-------------|-------------------------------------|-------------|-------------|--------------------------------------|-------------|-------------|
|            | HDFC                               | RELIANCE    | SBI         | HDFC                                | RELIANCE    | SBI         | HDFC                                 | RELIANCE    | SBI         |
| 25-35      | 3.83                               | 4.41        | 4.43        | 4.58                                | 4.53        | 4.52        | 4.85                                 | 4.85        | 4.76        |
| 36-45      | 4.48                               | 3.92        | 4.42        | 4.55                                | 4.55        | 4.56        | 4.76                                 | 4.78        | 4.69        |
| 46-55      | 4.28                               | 4.44        | 3.84        | 4.58                                | 4.54        | 4.48        | 4.78                                 | 4.74        | 4.77        |
| > 56       | 4.27                               | 4.10        | 4.33        | 4.18                                | 4.00        | 4.17        | 4.09                                 | 4.40        | 4.17        |
| <b>CWA</b> | <b>4.26</b>                        | <b>4.21</b> | <b>4.22</b> | <b>4.54</b>                         | <b>4.51</b> | <b>4.50</b> | <b>4.75</b>                          | <b>4.76</b> | <b>4.70</b> |

**Status** Table No. 3.1 clearly give a picture of the outcome of survey in terms of empirical data referring to the aspects or benefits expected or projected by the investors while investing in Mutual Funds. The data in the form of CWA values that are once again the yield of primary tables presented at the end of the chapter with same table numbers to enable easy identification.

Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years as a decision parameter was tested with the selected investors/respondents, the ratings offered by them indicate the intensity of the same which are recorded in the table against their Age classification. All the firms selected for the study register high to very high impact of attributes in their investment. Though, variation exists, it is micro marginal and is negligible, indicating the high impact of the attributes for all the firms selected for the study.

**Evaluation** The high to very high attribute influence for all the firms established by the study indicate the significance of the same to the investors, and also to the firms to consider the same seriously.

**Table No. 3.2: Chi-Square Impact of Fund Manager Experience-<2years, Experience-3-6years, Experience -7-10 Years on Investors- Age Wise**

| <i>Element</i>                       | <i>Chi Square computed Value</i> |                 |            | <i>Table Value</i> | <i>Significance Level</i> | <i>Degree of Freedom</i> |
|--------------------------------------|----------------------------------|-----------------|------------|--------------------|---------------------------|--------------------------|
|                                      | <i>HDFC</i>                      | <i>RELIANCE</i> | <i>SBI</i> |                    |                           |                          |
| Fund manager experience - <2 years   | 40.332                           | 45.455          | 22.683     | 21.026             | 5                         | 12                       |
| Fund manager experience - 3-6 years  | 24.931                           | 27.037          | 25.235     | 21.026             | 5                         | 12                       |
| Fund manager experience - 7-10 years | 46.899                           | 28.371          | 26.355     | 21.026             | 5                         | 12                       |

Chi-square test is applied for research data to further reinforce the meaningful interpretation; the same are presented against the demographic factor. From the above table  $\chi^2$  computed value is greater than  $\chi^2$  table value, at 12 d o f and 5% level of significance; Hence  $H_0$  is rejected for the elements represented. Hence we can conclude that Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years have influence on investors.

**Table No.3.3: Impact of Fund manager experience-<2years, experience-3-6years, experience -7-10 years on Investors- Gender Wise**

| <i>Gender</i> | <i>Fund Manager Experience- &lt;2 Years</i> |                 |             | <i>Fund Manager Experience- 3-6 Years</i> |                 |             | <i>Fund Manager Experience- 7-10 Years</i> |                 |             |
|---------------|---|-----------------|-------------|---|-----------------|-------------|--|-----------------|-------------|
|               | <i>HDFC</i>                                 | <i>RELIANCE</i> | <i>SBI</i>  | <i>HDFC</i>                               | <i>RELIANCE</i> | <i>SBI</i>  | <i>HDFC</i>                                | <i>RELIANCE</i> | <i>SBI</i>  |
| Male          | 4.34  | 4.28            | 4.29        | 4.64                                      | 4.64            | 4.59        | 4.84                                       | 4.80            | 4.82        |
| Female        | 4.10  | 4.00            | 3.88        | 4.16                                      | 4.23            | 4.19        | 4.29                                       | 4.46            | 4.63        |
| <b>CWA</b>    | <b>4.30</b>                                 | <b>4.23</b>     | <b>4.22</b> | <b>4.55</b>                               | <b>4.57</b>     | <b>4.52</b> | <b>4.75</b>                                | <b>4.74</b>     | <b>4.79</b> |

**Status** Table No. 3 clearly demonstrate the outcome of survey in terms of empirical data referring to the aspects or benefits expected or projected by the investors while investing in Mutual Funds. The data in the form of CWA values that are once again the yield of primary tables presented at the end of the chapter with same table numbers to enable easy identification. Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years as a decision parameter was tested with the selected investors/respondents, the ratings offered by them indicate the intensity of the same which are recorded in the table against their Gender classification. All the firms selected for the study

register high to very high impact of attributes in their investment. Though, variation exists, it is micro marginal and is negligible, indicating the high impact of the attributes for all the firms selected for the study.

**Evaluation** High to very high attribute influence for all the firms established by the study indicate the significance of the same to the investors, and also to the firms to consider the same seriously.

**Table No. 3.4: Chi-Square Impact of Fund Manager Experience-<2years, Experience-3-6years, Experience -7-10 Years on Investors- Gender Wise**

| Element                             | Chi Square computed Value |          |        | Table Value | Significance Level | Degree of Freedom |
|-------------------------------------|---------------------------|----------|--------|-------------|--------------------|-------------------|
|                                     | HDFC                      | RELIANCE | SBI    |             |                    |                   |
| Fund manager experience- <2 years   | 11.709                    | 12.554   | 13.862 | 9.488       | 5                  | 4                 |
| Fund manager experience- 3-6 years  | 17.993                    | 19.581   | 15.451 | 9.488       | 5                  | 4                 |
| Fund manager experience- 7-10 years | 47.912                    | 31.586   | 17.779 | 9.488       | 5                  | 4                 |

Chi-square test is applied for research data to further reinforce the meaningful interpretation; the same are presented against the demographic factor. From the above table  $\chi^2$  computed value is greater than  $\chi^2$  table value, at 4 d o f and 5% level of significance; Hence  $H_0$  is rejected for the elements represented. Hence we can conclude that Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years have influence on investors.

**Table No. 3.5: Impact of Fund Manager Experience-<2years, Experience-3-6years, Experience -7-10 Years on Investors- Education Wise**

| Education | Fund manager experience - <2 years |       |      | Fund manager experience - 3-6 years |       |      | Fund manager experience - 7-10 years |       |      |
|-----------|------------------------------------|-------|------|-------------------------------------|-------|------|--------------------------------------|-------|------|
|           | HDFC                               | RELIA | SBI  | HDFC                                | RELIA | SBI  | HDFC                                 | RELIA | SBI  |
|           | C                                  | NCE   |      | C                                   | NCE   |      | C                                    | NCE   |      |
| SSC       | 3.93                               | 4.25  | 4.13 | 4.29                                | 4.00  | 4.50 | 4.29                                 | 4.33  | 4.25 |
| UG        | 4.27                               | 4.24  | 4.47 | 4.50                                | 4.52  | 4.67 | 4.77                                 | 4.76  | 4.73 |
| PG        | 4.27                               | 4.00  | 4.35 | 4.47                                | 4.49  | 4.23 | 4.84                                 | 4.74  | 4.81 |
| PROF      | 4.39                               | 4.36  | 3.98 | 4.62                                | 4.62  | 4.60 | 4.74                                 | 4.74  | 4.70 |
| CWA       | 4.30                               | 4.21  | 4.19 | 4.52                                | 4.51  | 4.48 | 4.74                                 | 4.71  | 4.70 |

**Status** Table No.3.5 clearly show the outcome of survey in terms of empirical data referring to the aspects or benefits expected or projected by the investors while investing in Mutual Funds. The data in the form of CWA values that are once again the yield of primary tables presented at the end of the chapter with same table numbers to enable easy identification.

Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years as a decision parameter was tested with the selected investors/respondents, the ratings offered by them indicate the intensity of the same which are recorded in the table against their Education classification. All the firms selected for the study register high to very high impact of attributes in their investment. Though, variation exists, it is micro marginal and is negligible, indicating the high impact of the attributes for all the firms selected for the study.

**Evaluation** High to very high attribute influence for all the firms established by the study indicate the significance of the same to the investors, and also to the firms to consider the same seriously.

**Table No.3. 6: Chi-Square Impact of Fund Manager Experience-<2years, Experience-3-6years, Experience -7-10 Years on Investors- Education Wise**

| <i>Element</i>                       | <i>Chi Square computed Value</i> |                 |            | <i>Table Value</i> | <i>Significance Level</i> | <i>Degree of Freedom</i> |
|--------------------------------------|----------------------------------|-----------------|------------|--------------------|---------------------------|--------------------------|
|                                      | <i>HDFC</i>                      | <i>RELIANCE</i> | <i>SBI</i> |                    |                           |                          |
| Fund manager experience - <2 years   | 12.529                           | 23.243          | 22.774     | 21.026             | 5                         | 12                       |
| Fund manager experience - 3-6 years  | 29.223                           | 24.214          | 26.626     | 21.026             | 5                         | 12                       |
| Fund manager experience - 7-10 years | 32.744                           | 35.065          | 31.267     | 21.026             | 5                         | 12                       |

Chi-square test is applied for research data to further reinforce the meaningful interpretation; the same are presented against the demographic factor. From the above table  $\chi^2$  computed value is greater than  $\chi^2$  table value, except for HDFC with respect to Fund manager experience-<2years, at 12 d o f and 5% level of significance; Hence  $H_0$  is rejected for the elements represented except as above . Hence we can conclude that Fund manager experience - <2 years , Fund manager experience - 3-6 years, Fund manager experience - 7-10 years have influence on investors except as mentioned above.

## FINDINGS AND CONCLUSION

The analysis revealed High to very high impact of Equity fund's Fund Manager Experience attribute of all firms is established in the research among all demographic factors. The research study concludes to insist the firms to emphasize the attribute Equity fund objective- capital appreciation & portfolio composition- High growth equity shares to manipulate investor decisions.



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