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ASSESSING EQUITY MUTUAL FUND PERFORMANCE: A STUDY OF INVESTOR PREFERENCES AND DECISION MAKING PATTERNS

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Abstract
As a result of the proliferation of financial markets, individuals today have the opportunity to invest in a wide range of assets and financial instruments. Therefore, the characteristics and psychological processes that influence investors' intents and attitudes on investments have been elucidated as a result of the use of behavioural finance. Mutual funds, which come with varying degrees of risk and return, provide a logical approach to the process of accumulating wealth, in contrast to other investing options such as fixed deposits and direct stock purchases. Investors in mutual funds have the ability to choose the mutual fund that best aligns with their risk tolerance and financial objectives, given the abundance of alternatives that are now accessible, including equity funds, debt funds, hybrid funds, and index funds.

Keywords: Investor preferences, Risk aversion, ANOVA

Introduction

Choosing how to invest one's money is an essential component of personal finance; it is vitally necessary for the accumulation of wealth, the maintenance of financial stability, and the accomplishment of long-term financial objectives. These decisions are determined by a number of variables, such as the investor's level of comfort with risk, their financial objectives, the current situation of the market, and the availability of various investment options. The most popular option among individuals in the present landscape of diverse investment opportunities is mutual funds. This is due to the fact that mutual funds provide investors with skilled fund management, diversification, and quick access to financial markets.

Mutual funds are investment vehicles that pool the capital contributed by several participants and then allocate that capital over a diverse portfolio of equities, fixed-income assets, and other financial instruments. Due to the fact that it lessens the likelihood of market volatility, it makes it more difficult for an investor to get returns that are comparable to those obtained from conventional fixed-income products such as savings accounts or deposits (Akhtar, 2019). There are many different types of investors that mutual funds are designed to cater to. These investors range from cautious folks who are searching for stable returns to ambitious investors who are expecting for considerable gain via stock investments.

Through mutual funds, investors are able to get access to a certain sector of the economy, particularly the financial sector. Investors have the potential to be precisely exposed to the economic and financial scene via the use of this invested approach that is targeted. There are certain mutual funds that provide shareholders with dividends that are a consequence of the success of the financial institutions in which they invest (Khawaja, 2021). These dividends are not typically accessible to all mutual funds, but they do provide owners with a constant income stream. An improvement in the current study on the larger equity mutual fund business may be achieved via the evaluation of the performance of financial mutual funds. This evaluation offers a more comprehensive perspective of the whole investing environment. It provides insights on diversification, risk management, asset allocation, and managerial qualities, all of which are essential components of excellent long-term investment.

In addition to this, we analyse the influence that the slope of the yield curve and the credit quality spread difference have on the risk-adjusted performance of financial mutual funds. It should be noted that mutual funds invest in businesses that are more susceptible to fluctuations in interest rates and credit circumstances. One may get a better understanding of the credit risk sensitivity of financial mutual funds by conducting an analysis of the manner in which these funds adjust their portfolios in response to quality spread differentials. As a result of the fact that funds that have a high credit risk for high returns may be more volatile and more prone to suffer during economic downturns, the risk-adjusted performance of these funds is fairly significant for people who are looking for such rewards (Yang, 2021). When taking into consideration the characteristics of financial mutual funds, it is vital to investigate their performance, despite the fact that several studies have been conducted to investigate the risk-adjusted performance of mutual funds in general.

In most cases, investors are able to reap benefits by investing their money in debt instruments or equities. It is possible that investors may decide to alter their investment portfolios in light of the events that are now taking place in the market. Investors depend on their previous experiences or well-established heuristics to guide their decision-making in environments that are both dynamic and unpredictable (Rasheed, 2018). The fact of the matter is that cognitive and emotional aspects are included into the process of assessing investment opportunities, which has the effect of affecting rational conduct throughout the decision-making process. Consumers now have the opportunity to participate in a wide variety of financial products as a result of the growth of financial markets. Through the study of behavioural finance, a better knowledge of the behaviours of individual investors has been achieved. This has been accomplished by identifying the human characteristics and psychological elements that influence the choices and intents of individual investors (Sumiati, 2021).

Individuals are said to behave rationally, with the goal of maximising their wealth via the application of fundamental financial concepts and the evaluation of all pertinent facts while selecting an investment route, according to the classical economic theory. In the process of doing research on the financial sector, they often make use of fundamental analysis, technical analysis, and taste. In most cases, the choices that an individual takes about investments are determined by the structure and features of market information (Annamalah, 2019). Therefore, the degree of danger that individuals are willing to endure is determined by their own risk tolerance. People regularly engage in irrational behaviour that is driven by the fear of potential future loss, regardless of the level of information they possess or the amount of study they have done on investment goods before to investing (Dewi, 2020).

Problem Statement

Equity mutual funds are gaining popularity among individuals who are interested in amassing wealth. As a result, it is of utmost importance to determine whether or not these investment vehicles truly provide value in terms of performance and, more importantly, how the preferences of investors and the decision-making process influence their investment choice.

The mutual fund industry has struggled to regularly match its offerings with the various and ever-changing expectations of investors, particularly in developing countries like India where financial literacy and investment behaviour vary greatly across socioeconomic levels. Despite the fact that it offers a variety of products and strategies, the mutual fund industry nonetheless has a difficult time meeting these expectations. One of the most significant challenges is that there is a lack of agreement and clarity among investors about the criteria that they use to assess the performance of equity mutual funds. When determining what to invest in, individual investors often depend on subjective variables such as historical returns, peer recommendations, brand reputation, or emotional biases. This is in contrast to the fact that objective benchmarks are abundant in the form of financial measurements such as alpha,

beta, Sharpe ratio, and NAV-based returns. It is a mismatch between the aims and consequences of investing when analytical performance assessments and behavioural tendencies in fund selection are not in agreement with one another. Numerous investors either fail to recognise the dangers associated with certain stock strategies or exaggerate the potential rewards based on historical data, without taking into account the current state of the market. As a result of the fact that demographic characteristics such as age, income, education, and risk tolerance influence investor choices in addition to financial objectives, the evaluation of fund performance from the perspective of investors is made much more difficult.

Literature Review

Between the years 1990 and 2005, the research literature investigated the accuracy of market timing for funds across seven different industries. In addition, they discovered that the outcomes were reliant on the use of a general market benchmark rather than a benchmark that was specific to a certain industry. When compared to the S&P 500, sector funds have better market timing both in general and during recessions. On the other hand, sector funds exhibit worse market timing during expansions. However, when it comes to sector-specific benchmarks, funds have a very limited ability for good market timing.

Additionally, pertinent is the study that is more generic in nature and focuses on market timing and the assessment of fund performance. The highly regarded study of cross-sectional return analysis, which is widely used, examines the quality of fund managers by taking into consideration fund alpha factors. A number of factors, including the one-year momentum, size, value (book-to-market ratio), and overall market return, are included into his primary model. It has been discovered by Khan (2020) that managers of mutual funds do not possess informational superiority or expertise. The results of his four-factor model indicate that size and momentum may be responsible for explaining a significant percentage of the cross-sectional volatility in the returns shown by mutual funds. Additionally, Carhart observes that worse performance is associated with the characteristics of the fund that are emphasised by fund managers as indicators of expertise. These characteristics include turnover, cost ratios, and sales loads. Another significant cross-sectional return model is the Fama and French five-factor model. This model combines elements that indicate profitability and investment in addition to market, size, and value components. Treynor and Mazuy analyse the performance of fund managers by including a quadratic term into the market model. They do this by assuming that managers who are able to time the market would achieve greater success during times of strong market circumstances and will suffer decreased negative returns during years of lower market conditions, so producing a convex characteristic line. Researchers propose and evaluate a model in which fund managers have limited capacity to time the market. This model demonstrates predictive skills for the direction of market excess returns, but not for the quantity of such gains. Although there are academics who suggest that some fund managers are competent, in an efficient market, money flows to these competent managers. However, because to diseconomies of scale, any skill is ultimately neutralised by fees, which results in a nett negative alpha. According to the authors, a more accurate metric of managerial performance in efficient capital markets is the value that is generated in dollars. The findings of another line of research on performance assessment indicate that risk premia shift with time. As a consequence, empirical findings may be deceiving if they do not take into account data that has the ability to accurately anticipate expected returns. Researchers contend that observable indicators, such as market dividend yield, Treasury rates, and spreads, have the ability to accurately anticipate market returns (Sreejesh, 2016). Furthermore, they claim that the performance of a portfolio constructed using such public data should not be seen as being unique or dependent on the individual's level of expertise.

Ferson and Schadt examine conditional fund alphas by making use of bond market data, which includes Treasury yields and shifting yield spreads. Additionally, they make use of conditioning factors, which include the market dividend yield. Specifically, they demonstrate that conditional alphas do not always exhibit a clear distinction from zero. It is shown by the authors that there is a considerable negative market timing ability, which indicates that funds exhibit a greater level of market risk during periods of decreasing market returns.

Inadequate transmission of fund-related information and the efficacy of financial advisory services, which are intended to assist investors in making intelligent choices, are two significant issues that need to be addressed. The absence of comprehensive understanding about fund strategies, fees, and market risks may sometimes result in investment choices that are either erroneous or not suitable for the investor. The issue is made worse by the rapid development of digital platforms and marketing strategies that aggressively encourage certain funds. These kinds of strategies often place a greater emphasis on immediate benefits than they do on the accumulation of long-term wealth (Rogers, 2021). The results of this research will determine whether or not theoretical fund performance evaluations can be reconciled with the actual behavioural inclinations of investors when it comes to selecting and maintaining investments in equity mutual funds. By analysing both the quantitative performance of funds and the qualitative characteristics of investor behaviour, this study will be able to give a comprehensive knowledge of the factors that influence equity mutual fund investments. Additionally, it will assist the industry in better meeting the expectations of investors (Huang 2019).

Methodology

The purpose of this article is to explore investor preferences for stocks mutual funds using systematic investment plans (SIP) under a variety of market scenarios using a quantitative research technique. A distinct research issue, a formal and rigors research approach, the testing of certain hypotheses, and an examination of relationships between some variables are some of the qualities that the present study has in terms of quantitative data analysis. In order to make judgements, the clear findings and conclusions will be used. Both a descriptive research strategy and a quantitative research technique are highlighted in this investigation. Through the use of a questionnaire, the essential data were collected in order to achieve the objective of the study process. Information on demographics, fundamental questions on investor preferences and behaviour, mutual funds, market circumstances, and satisfaction with equity mutual fund investments made via systematic investment plans (SIP) under a variety of market scenarios are all included. Based on a Likert scale with five points, the questions were constructed.

Analysis

This section deals in presenting detailed data analysis based on the information collated through primary data source.

Table 1: Demographic analysis

Age	**Frequency**	**Percent**
Under 25 years	83	52.90
25 - 34 years	34	21.70
35 - 44 years	27	17.20
45 - 54 years	10	6.40
55 and above	3	1.90
Gender	**Frequency**	**Percent**
Male	91	58.00
Female	66	42.00

Education	**Frequency**	**Percent**
High School	17	10.80
Undergraduate	34	21.70
Masters	95	60.50
Professional	4	2.50
Doctorate	7	4.50
Monthly income	**Frequency**	**Percent**
Less than 20,000	80	51.00
20,000 - 40,000	16	10.20
40,000 - 60,000	22	14.00
More than 60,000	39	24.80
How long have you been investing in mutual funds	**Frequency**	**Percent**
Less than 1 year	7	4.50
1 - 2 years	60	38.20
2 - 4 years	68	43.30
4 - 6 years	21	13.40
More than 6 years	1	0.60
Type of investor do you consider yourself	**Frequency**	**Percent**
Conservative	9	5.70
Moderate	25	15.90
Aggressive	75	47.80
Combination of above	48	30.60
Preferred mode of receiving financial advice	**Frequency**	**Percent**
I do not seek financial advice	83	52.90
Self-analysis	61	38.90
Online Articles/Videos	10	6.40
Peer Group or Family	3	1.90
Frequency of reviewing your mutual fund portfolio	**Frequency**	**Percent**
Monthly	15	9.60
Quarterly	57	36.30
Semi annual	69	43.90
Annual	16	10.20
Total	**157**	**100.00**

The age distribution reveals that the majority of the population who invests is quite young. Within the younger generation, there is a rising interest in equity mutual fund investing, as shown by a strong majority of 52.9% of respondents who are under the age of 25. Twenty-seven percent of investors are between the ages of 25 and 34, and seventeen point two percent are between the ages of 35 and 44. This indicates that the majority of investors are in the beginning or middle phases of their careers. Investors who are 45 years old or older are considerably underrepresented, with just 6.4% of investors falling into the 45–54 age group and a mere 1.9% of investors falling into the 55 and older age category. Stocks mutual funds seem to be the preferred investment vehicle for younger investors who may have a higher tolerance for risk and longer investment horizons. The gender split reveals that women make

up 42 percent of the sample, while males make up 58 percent of the sample. Despite the fact that female participation is remarkable and demonstrates an increasing trend of financial knowledge and interest among women, this indicates that male investors are involved in a slightly disproportionate manner.

According to the educational background of the bulk of the responders, it seems that they are highly educated investors. More than sixty-five percent of the sample has a master's degree, while twenty-seven percent are undergraduate students. In spite of the fact that 4.5% of them have doctoral degrees and 2.5% have professional credentials, 10.8% of them just have a high school diploma. Individuals that are academically inclined make up a significant portion of the sample, as shown by this educational profile, which may be consistent with investing habits that are more analytical and intelligent. Regarding income, it is worth noting that more than half of the individuals who participated in the survey (51%) earn less than ₹20,000 on a monthly basis. This suggests that a substantial proportion of investors are likely individuals with lower incomes, some of whom may include early-career professionals and students. While the categories of middle-income, which range from ₹20,000 to ₹40,000 and ₹40,000 respectively, account for 10.2% and 14% of the population, around 24.8% of the population earns more than ₹60,000. individuals of varying income levels find investing in mutual funds appealing; this may be attributed, in part, to the affordability and accessibility of SIP-based equity funds. This distribution demonstrates that individuals of diverse income levels find mutual fund investment attractive.

The majority of people have experience with investing in mutual funds that ranges from one to four years. For example, 43.3% of respondents have been investing for two to four years, which indicates that they have a limited but developing understanding of mutual funds. On the other hand, around 38.2% of respondents have been investing for one to two years. On the other hand, just 4.5% of the sample is comprised of novice investors who have less than one year of experience, despite the fact that only 0.6% of the sample had more than six years of experience, indicating that there was a small representation of experienced investors. The fact that 47.8 percent of investors consider their investing strategy to be aggressive indicates that they have a strong willingness to take risks in the hope of achieving larger possible returns. An additional thirty-six percent of respondents consider themselves to be a combination of conservative, moderate, and aggressive traits, which indicates that they take a diverse or balanced approach. Only 5.7% of respondents claim to be completely conservative, while 15.9% of them are considered to be moderate investors. Additionally, this highlights the group's young and daring spirit, which is already very apparent. It is remarkable that 52.9% of respondents claim that they do not seek any guidance with regard to the acquisition of financial advice. This may be an indication of a strong feeling of autonomy or maybe a lack of information about professional financial planning. It is noteworthy that 38.9% of individuals rely on self-analysis, which indicates a predisposition towards independent research and autonomous decision-making behaviours. The fact that just 1.9% of people rely on recommendations from their peers and only 6.4% rely on information found online demonstrates that there is a little amount of dependence on sources from the outside. After everything is said and done, 36.3% of investors examine their mutual fund portfolio on a quarterly basis, while 43.9% evaluate their portfolio on a semi-annual basis. On account of the rarity of yearly and monthly evaluations, they account for 10.2% and 9.6% of the total respectively. This indicates that there is just a moderate amount of contact with their assets, which means that even while there are some individuals active, it is possible that they are not investigating their accounts on a consistent or thorough basis.

Table 2: Correlation analysis

Correlations	Risk Appetite	Investment Horizon	Fund Manager Reputation	Performance Metrics Awareness	Investor preferences and Decision making
Risk Appetite	1	.831**	.646**	.676**	.719**
Investment Horizon	.831**	1	.726**	.717**	.723**
Fund Manager Reputation	.646**	.726**	1	.731**	.748**
Performance Metrics Awareness	.676**	.717**	.731**	1	.861**
Investor preferences and Decision making	.719**	.723**	.748**	.861**	1

With a correlation coefficient of 0.831, Risk Appetite has a significant positive association with Investment Horizon. This indicates that those who are also likely to have a long-term investment viewpoint are also likely to be more willing to take financial risks. The fact that aggressive investors who are aware of the significance of compounding and the advantages of prolonged market involvement have made this finding is highly significant since it demonstrates a sophisticated investing attitude among those investors. The correlation coefficient of 0.646 between risk appetite and fund manager reputation demonstrates a significant link between the two variables. This implies that investors who are prepared to take risks are inclined to trust the credentials and performance history of fund managers, maybe in order to lessen the perceived dangers they face. Similar to the previous point, its link with performance metrics knowledge (r = 0.676) demonstrates that those who are more oriented towards risk have a greater level of knowledge about performance indicators such as alpha, beta, Sharpe ratio, and returns, which are essential tools for educated risk management. There is evidence that Risk Appetite is a fundamental predictor that influences people' fund selection, portfolio structure, and responses to fluctuations in the market. This is supported by the correlation coefficient (r = 0.719) that exists between Investor Preferences and Decision Making.

A significant amount of connection exists between the investment horizon and other factors. As shown by the correlation between Fund Manager Reputation (r = 0.726) and Performance Metrics Awareness (r = 0.717), long-term investors depend on both the credibility of management and quantitative indicators to sustain their investment confidence over the course of time. Furthermore, the substantial association between investing Horizon and Investor Preferences and Decision Making (r = 0.723) highlights the fact that time horizon is a fundamental factor that influences investing behaviour. Long-term investors are more likely to exhibit patterns of decision-making that are intentional and goal-directed. The variable Fund Manager Reputation has a significant link with Performance Metrics Awareness (r = 0.731), indicating that investors who pay top importance to reputable fund managers are also more analytical and aware of fund performance statistics. This is shown by the fact that the correlation coefficient is 0.701. This hints to a sophisticated method in which reputation is assessed not just in accordance with subjective performance criteria but also in accordance with objective standards. Due to the fact that there is a substantial link between Investor

Preferences and Decision Making (r = 0.748), it is evident that confidence in fund managers has an effect on investment decisions, which likely results in a reduction in cognitive load or anxiety associated to decision making for investors.

The greatest link in the matrix is found between Investor Preferences and Decision Making and Performance Metrics Awareness, which has a value of 0.861 for its correlation coefficient. Based on this very high score, it seems that the fundamental foundation upon which investors base their decisions is a fundamental comprehension and awareness of fundamental financial measures. It is common for individuals who are knowledgeable about fund performance indicators to make investing judgements that are more rational, founded on facts, and definitive. This outcome highlights the importance of having financial understanding and being transparent when making statements about mutual funds.

Table 3: Regression analysis

Model	Sum of Squares	df	Mean Square	F	p value
Regression	228.696	4	57.174	143.821	.000b
Residual	60.425	152	0.398		
Total	289.121	156			
Coefficientsa	B	Std. Error	Beta	t	p value
(Constant)	-0.093	0.167		-0.557	0.58
Risk Appetite	0.201	0.067	0.205	3.014	0.00
Investment Horizon	-0.009	0.074	-0.009	-0.125	0.90
Fund Manager Reputation	0.209	0.065	0.192	3.203	0.00
Performance Metrics Awareness	0.579	0.059	0.588	9.775	0.00
a Dependent Variable: Investor preferences and Decision making					

The outcome of the regression analysis sheds light on the dependent variable, which is Investor Preferences and Decision Making, as well as the combined and individual impacts of the four independent variables, which are Risk Appetite, Investment Horizon, Fund Manager Reputation, and Performance Metrics Awareness. According to the analysis of variance (ANOVA) table, the regression model is statistically significant since it has an F-value of 143.821 and a p-value of 0.000, which is significantly lower than the conventional threshold of 0.05. The fact that this is the case shows that the model properly depicts the multitude of preferences and decision-making behaviours that investors exhibit. As a result of the regression, which clarified 228.696, the model has a total sum of squares value of 289.121; the residual, also known as the variance that cannot be explained, is just 60.425. When taken together, the high F-statistic and the low p-value provide evidence that the model is robust in terms of its ability to capture the predictive potential of the variables that were selected. After conducting an analysis of the coefficients, it has been determined that the constant term does not possess statistical significance, and as a result, it does not deviate significantly from zero, as shown by a p-value of 0.580. On the basis of this, it seems that the baseline level of investor preference and decision-making is not considerably different from zero when the independent variables are not taken into consideration. Risk Appetite is a positive and statistically significant predictor (B = 0.201, p = 0.00), which indicates that an increase in an investor's willingness to take risks coincides with higher decision-making activity and preference development within the mutual fund environment. This is shown by the fact that Risk Appetite is a positive, statistically significant predictor. Given that the standardised beta

value for risk inclination is 0.205, it is evident that risk tendency has a significant impact on investing decisions.

A negative and statistically insignificant link between Investment Horizon and investor decision-making is shown by the fact that B = -0.009 and p = 0.90 are both present. Based on the findings of this study, it seems that the length of time an investor plans to remain involved does not have a significant impact on the equity mutual funds that they choose to participate in. It is possible that this is the result of a homogenous mix of long-term and short-term investors who place a higher importance on the performance of the fund or the reputation of the management than they do on the time horizon alone. It has been shown that the reputation of fund managers is statistically significant (B = 0.209, p = 0.00), with a standardised beta value of 0.192. It seems from this that individuals who have a positive perception of a fund manager are more likely to have specific preferences and to participate in careful decision-making about their investments. In spite of the fact that the results are far less significant than those found in Risk Appetite, they nonetheless demonstrate that confidence in experts has a major psychological impact on investing behaviour.

Performance Metrics Awareness is the most important predictor in the model; it has the greatest unstandardized coefficient (B = 0.579), the standardised beta value (0.588), and a p-value that is very significant (0.00). The conclusion that can be drawn from this is that the creation of preferences and the manner in which an investor makes decisions are significantly impacted by the investor's comprehension of and attention to important performance indicators such as historical returns, Sharpe ratio, alpha, beta, and fund volatility factors. It is clear from this that knowledge and financial literacy are very necessary in order to make intelligent and well-informed decisions about investments.

Test of hypothesis

Table 4: ANOVA 1

Risk Appetite	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Strongly Disagree	26	1.50	0.51	0.10	1.29	1.71
Disagree	4	2.00	0.00	0.00	2.00	2.00
Neutral	40	4.40	0.93	0.15	4.10	4.70
Agree	44	4.27	0.97	0.15	3.98	4.57
Strongly Agree	43	4.63	0.66	0.10	4.43	4.83
Total	157	3.89	1.39	0.11	3.67	4.10
ANOVA	Sum of Squares	df	Mean Square	F	p value	
Between Groups	203.063	4	50.766	78.043	0.00	
Within Groups	98.874	152	0.65			
Total	301.936	156				

The evaluation of the data that has been provided on risk appetite gives significant insights on the various degrees of agreement that people have with respect to assertions that have been made regarding risk appetite. These insights are shown by the average replies that people have given and the consistency of those responses. In the sample, there are 157 individuals that are included; the mean of these individuals is 3.89, and their standard deviation is 1.39. According to this, it seems that respondents, despite the fact that there is significant diversity in their replies, typically have a risk appetite that is greater than neutrality. There is a discernible pattern that emerges when specific answer types are analysed. Participants in this group who "Strongly Disagree" with comments on risk appetite have the lowest consensus among those in this group on their limited tendency for risk-taking. The minimum standard deviation for this group is 0.51, and the mean score is 1.50. Similarly, individuals who marked themselves as "Disagree" had a mean score of 2.00 and a standard deviation of zero, indicating that the responses within this group are consistent with one another. However, the fact that the sample size was just four people makes it difficult to generalise these findings. The "Neutral" group, on the other hand, has a very high mean of 4.40 and a standard deviation of 0.93, which suggests that those who identify as neutral have a definite tendency to have a greater appetite for risk. The significance of this result lies in the fact that it may indicate that the self-perception of the respondents is prejudicial or ambiguous. Among the categories of greater agreement, those who "Agree" have a mean score of 4.27 and a standard deviation of 0.97. On the other hand, those who "Strongly Agree" have the highest mean score of 4.63 and the lowest standard deviation of 0.66. In addition, the falling confidence intervals in the "Strongly Agree" group, which range from 4.43 to 4.83, provide more evidence that these people consistently have a large positive risk appetite. This suggests that respondents' self-reported attitudes towards risk are partly associated with their numerical replies, as seen by the linear and substantial rise in risk appetite that was demonstrated by the improvement of mean scores from "Strongly Disagree" to "Strongly Agree." The one-way analysis of variance (ANOVA) test offers robust statistical evidence that these groups do, in fact, differ significantly from one another. A total of squares between groups is 203.063, whereas the sum of squares within groups is 98.874, which results in an F-value of 78.043. The mean square is 50.766, while the total squares between groups is 203.063. With a p-value of 0.00, which is very significant, it can be concluded that there is no possibility that might be accountable for the variations in averages that are seen among the five degrees of agreement. The results of this statistical analysis demonstrate that the views of respondents on their risk appetite vary substantially depending on the degree to which they agree or disagree with statements that are linked to risk. since a result, the analysis of variance (ANOVA) lends credence to the assertion that risk appetite is a distinctive characteristic of investing behaviour, since it demonstrates that there are substantial and discernible variations across the various investor attitudes. Managers of mutual funds and financial advisers who are required to alter their policies and communications in accordance with the various risk profiles of their customers would benefit tremendously from having access to this information.

Table 5: ANOVA 2

Investment Horizon	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Strongly Disagree	26	1.31	0.47	0.09	1.12	1.50
Disagree	4	1.00	0.00	0.00	1.00	1.00
Neutral	40	4.00	0.96	0.15	3.69	4.31
Agree	44	4.27	0.82	0.12	4.02	4.52
Strongly Agree	43	4.26	0.76	0.12	4.02	4.49
Total	157	3.62	1.39	0.11	3.40	3.84
ANOVA	Sum of Squares	df	Mean Square	F	p value	
Between Groups	208.376	4	52.094	83.834	0.00	
Within Groups	94.452	152	0.621			
Total	302.828	156				

The information on Investment Horizon provides some fascinating insights into the differences in the thoughts of respondents on the duration of their investment goals; the findings demonstrate a distinct differentiation depending on the degree of agreement between the respondents. The sample consists of 157 respondents, with a mean score of 3.62 and a standard deviation of 1.39, indicating a little tendency towards a long-term investing strategy. This is despite the fact that the dataset contains a considerable deal of diversity. Those individuals who "Strongly Disagree" with the notion of having a distinct investment horizon had a mean score of 1.31 and a minimal standard deviation of 0.47, indicating that this cohort as a whole has a consistent attitude towards investing for the short term. The tight grouping of answers is supported by the confidence interval for this group, which ranges from 1.12 to 1.50. According to this interval, there is a constant lack of motivation to make long-term investments. Given that the cohort "Disagrees" with the investment horizon statement has an even lower mean score of 1.00 and no variability (standard deviation = 0.00), it is clear that there is complete agreement among the four members of this very small subgroup (N=4). In contrast, the "Neutral" group exhibits a significant rise in the mean, which is now at 4.00, as well as a larger standard deviation of 0.96. This indicates that there is a greater degree of diversity in opinion, despite the fact that there is a general tendency towards medium- or long-term investment orientation. Those respondents who indicated that they "Agree" had a strong and more consistent view about the significance of investment horizon, as shown by a mean score of 4.27 and a standard deviation of 0.82. The "Strongly Agree" group had a mean score of 4.26, which is comparable to the other groups, although having a standard deviation of 0.76. The overlapping confidence intervals for both the "Agree" and "Strongly Agree" groups show that both groups mostly share the same long-term investment viewpoint. This is despite the fact that the "Strongly Agree" group has a little lower variance than the other groups. The analysis of variance (ANOVA) investigation provides substantial evidence for the observed differences in mean values across the five groups. An F-value of 83.834 is produced as a result of the following: the between-group total of squares is 208.476; the within-group sum of squares is 94.452; and the mean square is 52.094. The p-value for the differences between the group means is 0.00, which indicates that the differences are statistically significant and they are not the product of random chance. The findings indicate that the degree to which people identify with long-term planning is a significant factor in determining the wide range of perspectives that they have on their investment horizons. There

is a clear and noticeable pattern that emerges from the upward trend in mean scores, which goes from "Strongly Disagree" to "Strongly Agree." The average score concurrently climbs, indicating a growing predisposition towards long-term investing, while the consensus on the significance of investment horizon develops. This discrepancy enables financial advisers and managers of mutual funds to categorise their clients and give individualised guidance depending on the projected return schedule and the level of risk tolerance of their clients.

Table 6: ANOVA 3

Fund Manager Reputation	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Strongly Disagree	26	1.65	0.75	0.15	1.35	1.95
Disagree	4	1.00	0.00	0.00	1.00	1.00
Neutral	40	3.75	0.78	0.12	3.50	4.00
Agree	44	4.32	0.83	0.13	4.07	4.57
Strongly Agree	43	4.28	0.45	0.07	4.14	4.42
Total	157	3.64	1.25	0.10	3.44	3.83
ANOVA	Sum of Squares	df	Mean Square	F	p value	
Between Groups	168.724	4	42.181	84.83	0.00	
Within Groups	75.581	152	0.497			
Total	244.306	156				

There is a significant disparity in the perspectives of respondents on the relevance of a fund manager's reputation in determining their investment choice, as shown by the data on fund manager reputation. The aggregate mean score of 157 participants is 3.64, with a standard deviation of 1.25. This indicates that there is a general tendency for understanding the significance of fund manager reputation, despite the fact that the views of the respondents differ widely. The mean score for those respondents who "Strongly Disagree" with the statement that the reputation of fund managers is important was 1.65, and the standard deviation for those respondents was 0.75, which was also quite low. This indicates that there is a substantial and constant scepticism over the significance of the reputation of fund managers. With a mean of 1.00 and a standard deviation of 0.00, the subgroup that "Disagrees" with the statement (N=4) demonstrates complete homogeneity and indisputably demonstrates that the reputation of fund managers does not influence the decisions that they make. A standard deviation of 0.78 indicates that there is a significant amount of internal variability among those who are classified as "Neutral." On the other hand, those who are classified as "Neutral" show a notable increase in the mean score to 3.75, which indicates a middle ground where respondents neither completely reject nor dismiss the relevance of fund manager reputation.

The respondents who said that they "Agree" with the statement had a high mean score of 4.32 and a standard deviation of 0.83. This indicates that they have a strong positive endorsement and typically consistent support for the significance of fund manager reputation. The "Strongly Agree" group has a higher degree of consistency in terms of agreement among these people, as seen by a mean score of 4.28 and a somewhat reduced standard deviation of

0.45. The restricted confidence interval for this group lends even more weight to the constancy and strength of view about the need of a renowned fund manager in managing investments in mutual funds. According to the analysis of variance (ANOVA), these findings are supported by the fact that the between-group sum of squares was 168.724, the F-value was 84.83, and the p-value was 0.00. The significance of this conclusion lies in the fact that it demonstrates that the differences in the group means are not the product of random fluctuations but rather reflect statistically significant differences. There is a noticeable variation in investor preferences, as seen by the significant disparity in mean scores across the five answer categories, which range from 1.00 to 4.32. This highlights the significant role that trust and perceived competence play in the decision-making process for equity mutual fund investments. It is possible that investment companies and platforms would see this as a significant indication that it is possible for openness on the credentials, prior performance, and trustworthiness of fund managers to significantly impact the confidence and behaviour of investors.

Table 7: ANOVA 4

Performance Metrics Awareness	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Strongly Disagree	26	1.15	0.37	0.07	1.01	1.30
Disagree	4	1.00	0.00	0.00	1.00	1.00
Neutral	40	3.35	0.48	0.08	3.20	3.50
Agree	44	4.55	0.50	0.08	4.39	4.70
Strongly Agree	43	4.42	0.73	0.11	4.19	4.64
Total	157	3.55	1.38	0.11	3.34	3.77
ANOVA	Sum of Squares	df	Mean Square	F	p value	
Between Groups	252.931	4	63.233	209.586	0.00	
Within Groups	45.859	152	0.302			
Total	298.79	156				

The information on performance indicators awareness offers investors vital new views on their understanding of the many performance indicators that are utilised in the assessment of mutual funds and the choices that they make about their investments. The sample of 157 respondents demonstrates a broad understanding of performance measures, with a mean score of 3.55 and a standard deviation of 1.38. However, there is a significant amount of variation in the judgements given by investors on their level of grasp of these data. The respondents who "Strongly Disagree" with the statement on performance metrics awareness have a mean score of 1.15 and a standard deviation of 0.37. The low mean score suggests that, based on the minimum standard deviation, this group has a limited understanding of performance indicators; responses are densely grouped around this low number. The standard deviation is not significant. If we look at the confidence interval for this particular group (1.01 to 1.30), we can see that the replies are often found in this lower range. As a result of the small number of respondents who "Disagree" (N=4), there is minimal variation in their replies, which

indicates a widespread misunderstanding of performance indicators. The mean score for this group is 1.00.

The "Neutral" group, on the other hand, shows a considerable rise in mean score, which comes in at 3.35. This indicates that while these people have a strong knowledge of performance indicators, they do not perceive them to be required for the decision-making processes that they engage in. The group in question has a standard deviation of 0.48, which indicates that there is a low degree of variance within the group. The confidence interval, which ranges from 3.20 to 3.50, provides evidence that their replies are consistent. It is evident that the respondents who "Agree" have a high level of knowledge of performance indicators, as seen by their mean score of 4.55 and their standard deviation of 0.50. Additionally, this cohort demonstrates a degree of answer consistency. With a mean score of 4.42 and a standard deviation of 0.73, the group that identified as "Strongly Agree" demonstrates a comprehension of the significance of performance indicators in investment choices that is comparable to but much more diverse than the other groups. Although there is a significant amount of variation in their replies, the confidence interval for this group, which ranges from 4.19 to 4.64, shows that the majority of the respondents have a solid comprehension of performance indicators. An analysis of variance (ANOVA) test ensures that there are statistically significant differences between the groups. The four respondent groups have a slightly distinct grasp of performance indicators, as shown by the fact that the between-group sum of squares is 252.931, the F-value is 209.586, and the p-value is 0.00. Due to the fact that the between-group variation is much higher than the within-group variance (mean square of 63.233 as opposed to 0.302), it is clear that the degree to which respondents agree with the survey statement has a significant impact on how they see performance measurements. According to the findings, the decisions that investors make about their investments are heavily influenced by their comprehension of performance criteria. Therefore, if fund managers or financial advisors make education on these criteria a high priority, they may be able to significantly enhance the amount of participation and confidence in investment strategies.

Discussion

Especially with regard to investments in stocks and mutual funds, the comprehensive examination of the data uncovers fascinating patterns and links between the preferences of investors and the variables that influence their decision-making. It is important to note that there are strong correlations between the independent factors, which include risk appetite, investment horizon, fund manager reputation, and awareness of performance metrics, and the dependent variable, which is investor preferences and decision-making. The strong positive association that was shown by the correlation analysis between these components implies that investors' perceptions of risk, time horizon, fund manager reputation, and accessible performance measurements have a significant impact on the preferences and decision-making processes that they engage in. This indicates that investors should not operate in a vacuum but rather use a comprehensive approach, which involves taking into consideration a number of elements that directly influence the decisions they make about their investments (Chen, 2021).

The regression analysis demonstrates the significance of these factors in shaping the choices that are made about investments. The results indicate that investors' preferences and judgements are significantly impacted by their level of risk tolerance, the reputation of the fund management, and their level of familiarity with performance criteria. It is noteworthy that awareness of performance measures was shown to be the primary predictor; a low p-value and a rather significant positive coefficient imply that investors who are more

knowledgeable about performance indicators are more likely to make judgements that are both confident and well-informed. There are significant positive connections between risk appetite and fund manager reputation and decision-making, which lends credence to the notion that the preferences of investors are inextricably connected to their risk tolerance and their trust in the fund managers with whom they work (Sarwar, 2016).

An analysis of variance (ANOVA) was performed on demographic parameters such as the reputation of the fund manager, the investment horizon, and the risk appetite. The results showed that there were significant variations between the groups. There was a significant amount of diversity in responses over a wide range of risk tolerance and investment horizon factors. This suggests that clients' perceptions of risk and investment timelines are very variable, and it is essential for financial advisors and fund managers to take into account these variances when establishing investment strategies that are suited to the specific needs of their clients. It is necessary to provide investors with individualised communication and education on the investment products that are available to them since the results that are noteworthy reveal that investors' risk preferences and investment timeframes are inconsistent (Alhorani, 2019).

Notably, the knowledge of performance metrics was shown to have a strong association with the decision-making process of investors. On the other hand, the variable of investment horizon did not demonstrate a similarly substantial relationship with preferences. This suggests that, despite the fact that the investment horizon is a key factor, it may not be as tightly connected to the decision-making process at the moment as other factors, such as the level of risk tolerance or the reputation of the fund manager. According to the findings, fund managers should make it a priority to provide transparent and easily accessible performance data, as well as cultivate a reputation for trustworthiness and reliability, in order to assist investors in making informed decisions. This is especially important in a context where investment choices are increasingly influenced by both emotional and rational factors (Moueed, 2020).

Conclusion

These data have been thoroughly analysed, and the results have shed light on the complex interplay that exists between the many factors that influence investor behaviour. Rather from being impacted by a single factor, the preferences and decisions of investors are influenced by a confluence of human characteristics, knowledge, and perceptions of the financial environment. When it comes to optimising the effectiveness of equity mutual funds and elevating investor happiness and engagement over time, it is essential for fund managers, financial advisors, and regulators to have a solid understanding of these dynamics. The findings have important repercussions for the field of research in the future, especially with regard to the comprehension of the complexities of investor psychology and the development of these traits as a response to changing market conditions and actions related to financial education.

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