

ORIGINAL

## A study on exploring investor's opinion on mutual funds: trends and insights

### Estudio sobre la opinión de los inversores acerca de los fondos de inversión: tendencias y perspectivas

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#### ABSTRACT

The research investigates the attitudes of Indian investors towards mutual funds, investing, and the picture created through such digital interactions as SIPs (Systematic Investment Plans) and theme-based funds. The study was performed with 26 respondents who mainly belonged to the younger and more tech-savvy groups and shared their views through a quantitative survey via Google Forms. The studies imply that the investor community shows a clear preference for equity funds and systematic investment plans (SIPs) as the main tools of long-term wealth accumulation. The users also depend on app-based services such as Groww and Zerodha Coin. Thematic funds are slowly but surely being accepted, with some being cautiously noticed, especially those that are investing in technology, healthcare, and renewable energy. Most investors, even if they have concerns regarding market ups and downs, still maintain that mutual funds are less risky and more stable than direct equities in economic downturns because of their maturity level. However, this paper's urban bias and small sample size limit the extent of its influence; still, it indeed illustrates the digitization's potent effect of opening up access and raising investor confidence. Moreover, it highlights the necessity of financial literacy and open channels that will, gradually, cause retail investors' interest in mutual funds to increase. The study associates financial literacy, digital innovation, and the development of even stronger investor habits to a higher mutual fund usage. However, for the generalization of the results beyond the research area, there are limitations related to: small sample size, urban and youth bias, reliance on self-reported data, and lack of comprehensive statistical modeling. Nevertheless, the outcomes provide significant consequences for younger target groups in terms of investment firms' product development and marketing, for the regulators in terms of encouraging transparency, for the education providers in terms of offering customized literacy programs, and for the fintech companies through trust and personal touch.

**Keywords:** Digital Platform; Equity Funds; Mutual Funds; Sip; Financial Literacy; Product Development.

#### RESUMEN

La investigación analiza las actitudes de los inversores indios hacia los fondos de inversión, la inversión y la imagen creada a través de interacciones digitales como los SIP (planes de inversión sistemática) y los fondos temáticos. El estudio se realizó con 26 encuestados que pertenecían principalmente a los grupos más jóvenes y con mayores conocimientos tecnológicos, y que compartieron sus opiniones a través de una encuesta cuantitativa realizada mediante Google Forms. Los estudios sugieren que la comunidad de inversores muestra una clara preferencia por los fondos de renta variable y los planes de inversión sistemática (SIP) como principales herramientas de acumulación de riqueza a largo plazo. Los usuarios también dependen de servicios basados en aplicaciones como Groww y Zerodha Coin. Los fondos temáticos están siendo aceptados

de forma lenta pero segura, y algunos están llamando la atención con cautela, especialmente los que invierten en tecnología, sanidad y energías renovables. La mayoría de los inversores, aunque les preocupan las subidas y bajadas del mercado, siguen manteniendo que los fondos de inversión son menos arriesgados y más estables que las acciones directas en épocas de recesión económica debido a su nivel de madurez. Sin embargo, el sesgo urbano y el pequeño tamaño de la muestra de este documento limitan el alcance de su influencia; aun así, ilustra el potente efecto de la digitalización a la hora de abrir el acceso y aumentar la confianza de los inversores. Además, destaca la necesidad de la educación financiera y de canales abiertos que, gradualmente, aumentarán el interés de los inversores minoristas por los fondos de inversión. El estudio asocia la educación financiera, la innovación digital y el desarrollo de hábitos de inversión aún más sólidos con un mayor uso de los fondos de inversión. Sin embargo, para la generalización de los resultados más allá del área de investigación, existen limitaciones relacionadas con: el pequeño tamaño de la muestra, el sesgo urbano y juvenil, la dependencia de datos autoinformados y la falta de modelos estadísticos exhaustivos. No obstante, los resultados tienen consecuencias significativas para los grupos destinatarios más jóvenes en lo que respecta al desarrollo y la comercialización de productos de las empresas de inversión, para los reguladores en lo que respecta al fomento de la transparencia, para los proveedores de educación en lo que respecta a la oferta de programas de alfabetización personalizados y para las empresas de tecnología financiera a través de la confianza y el toque personal.

**Palabras clave:** Plataforma Digital; Fondos de Renta Variable; Fondos de Inversión; SIP; Educación Financiera; Desarrollo de Productos.

## INTRODUCTION

Mutual funds are now seen as one of the major investment channels, enabling the average person to easily spread their investments out among different sectors and take part in the capital markets. There are many different kinds of mutual funds, some limited to certain risk levels, others catering to different financial objectives. Thus, mutual funds are becoming more favored by both experienced and new investors. Advances in technology and the introduction of digital platforms have made it even easier for people to access mutual funds and have drawn in a larger range of investors in recent years.

To understand the factors that motivate people to invest in mutual funds, it is very important to know what the investors think. Their opinions reveal important trends like demand for certain funds, financial literacy playing a role, and the influence of regulatory and market changes. On the one hand, mutual funds have the advantage of professional fund management and liquidity but on the other hand, they come with a variety of issues such as high fees, market fluctuation, and a lack of understanding. A significant number of investors are not completely aware of the pros and cons of mutual funds, which results in misconceptions and reluctance. Making the financial literacy programs available is of utmost importance when it comes to closing this gap and enabling investors to take informed decisions. Risk appetite, anticipated returns, fund performance, and liquidity are regarded as the main factors. Age, income level, and occupation are the main demographic factors that influence investment behavior the most. The use of digital platforms and mobile applications has made the investment process super easy and thus more accessible. Investors' trust in and opinions about funds are greatly affected by online reviews, ratings, and blogs. Funds based on social responsibility and environmental, social, and governance (ESG) criteria are getting more and more attention. Lower fees and presentation have made the index funds and ETFs more popular.

## Literature Review

The examination of investors' attitudes towards mutual funds brings about a multidimensional interpretation of investment practices and views. The early research done by <sup>(1)</sup> has shown a significant belief of investors in mutual funds as a good investment option. The idea of diversification is brought to the forefront, asserting that mutual funds are a risk spreading tool and thus, they fit this old saying of not putting all one's eggs in one basket.

In continuation with this <sup>(2)</sup> applies a quantitative approach with the help of data envelopment analysis to evaluate mutual fund performance in India. The article discusses the different performance metrics like the information ratio and tracking error that are very much important for determining how closely mutual funds follow their benchmarks.

In a very recent exploratory study,<sup>(3)</sup> add to the discussion by looking into the characteristics that affect the individual investors' financial performance. The researchers concluded that the personality traits of open-mindedness, discipline, and emotional control have a prominent role in making the investors' returns significantly higher. Moreover, the study reveals the opposite of what financial theories have been for so long

stating that the focused investment approaches that go against the tortoise diversification strategy can produce more significant excess returns.

The access into investors' views on mutual funds has unfolded a rather complicated scenario that is influenced by age, income level and other factors besides that, and one's changing attitude towards risk and financial investment has also an effect on it. Velmurugan et al.<sup>(4)</sup> conduct a research in 2015 that eventually leads to an empirical analysis of how different demographics perceive various investment avenues, with the gender factor being recognized as the most influential one in the investment decision-making process. It has been concluded that women, who were mainly regarded as the cautious investors when it comes to taking risks, are now, to a large extent, also going for the riskier financial investments including mutual funds.

The mutual fund performance evaluation was a major topic of study in the financial literature from the very beginning. Jensen<sup>(5)</sup> introduced the first risk-adjusted performance measurement with the invention of alpha which subsequently became the standard tool for measuring mutual fund managers' performance in attracting returns above the market benchmark. Carhart<sup>(6)</sup> proved a strong existence of the so-called stock return common factors and investment costs behind mutual fund performance persistence which in turn disproved the idea that past performance is a reliable predictor of future performance. Subsequently, the four-factor model of Carhart became the go-to model for performance evaluation studies. Fama et al.<sup>(7)</sup> built upon this inquiry by analyzing mutual fund performance through the lens of various investment styles and came to the conclusion that, when fees and expenses are considered, the overall mutual fund portfolio does not achieve the market return.

The mixture of numerous demographic factors and psychological traits serves as the foundation for the selection of mutual funds by investors. The research conducted by Bailey et al.<sup>(8)</sup> on the investment behavior of different cultural groups resulted in the conclusion that the risk and investment choices of such investors are different according to their culture. Grinblatt et al.<sup>(9)</sup> analyzed the behavior of Finnish investors and found a dominant tendency called home bias, which made them prefer domestic investment and stocks with similar characteristics, actually showing their identification as their home.

One of the trending topics in finance and economics is the relationship between financial literacy and mutual fund investment choices, which has been given more and more attention by the academic community. The study of Lusardi et al.<sup>(10)</sup> indicated that the more knowledgeable a person is financially, the more likely he/she will be to plan his/her retirement and invest his/her money wisely by choosing mutual funds. Van Rooij et al.<sup>(11)</sup> broadened the scope of this study proving that financial literacy has a direct effect on the stock market participation, investment portfolio diversification including mutual fund investments.

The selection of mutual funds depends on two key factors which are the availability of information and the way information is processed. Wilcox<sup>(12)</sup> discovered that fund families transfer performance between their funds on purpose which affects how investors perceive their options and make decisions. Del Guercio et al.<sup>(13)</sup> demonstrated through their research that broker-sold funds perform worse than direct-sold funds yet investors continue to choose brokers because they recognize the value of financial advice and guidance.

Mullainathan et al.<sup>(14)</sup> conducted field experiments which showed financial advisors direct clients toward decisions that advance their own interests at the expense of what benefits their clients. The study demonstrates the necessity to identify agency problems which appear during the process of giving financial advice.

Investor financial decisions for mutual funds depend on their ability to handle risk and their investment timeframes. Weber et al.<sup>(15)</sup> to study how people from different cultures perceive risk which revealed that risk perception differs widely between nations and this difference influences how people invest their money. Grable et al.<sup>(16)</sup> developed tools to evaluate financial risk tolerance which helped researchers understand how investor risk preferences match their mutual fund investment choices.

The connection between market conditions and mutual fund flows exists in a clear relationship which has been extensively documented. Warther<sup>(17)</sup> showed that unexpected fund flows have significant impacts on stock prices, suggesting that mutual fund investor behavior affects broader market dynamics. The research conducted by Edelen et al.<sup>(18)</sup> demonstrated that total mutual fund flows serve as predictors for market returns which shows how investor sentiment through fund flows contains information about upcoming market movements.

Benartzi et al.<sup>(19)</sup> introduced the concept of myopic loss aversion through their research which shows that investors who analyze their portfolios often see higher risk and therefore choose to reduce their equity holdings including equity mutual funds. The study identified the reasons why investors choose to stay away from beneficial long-term investments because they base their decisions on short-term evaluation intervals.

### Research Gap

Existing research mainly studies conventional investment methods and Western financial systems which creates a knowledge gap about how modern Indian investors use digital platforms such as Groww and Zerodha Coin. The research has yet to determine how Indian investors from different age groups approach their investment decisions since financial products continue to evolve. The research has identified agent mis-selling and market volatility but fails to study how different age groups understand these risks in digital investment

platforms and their satisfaction levels with specialized fund categories. The research will fill these gaps by studying current Indian investors' mutual fund perspectives through digitalization and demographic changes and new investment patterns.

### Research Objectives

- To analyze how investors perceive mutual funds as an investment option, including their advantages and limitations.
- To analyze the trust levels of investors in app-based mutual fund platforms versus traditional brokerage or bank-based services.

### DEVELOPMENT

Research Design: - Quantitative methodology like surveys is used.

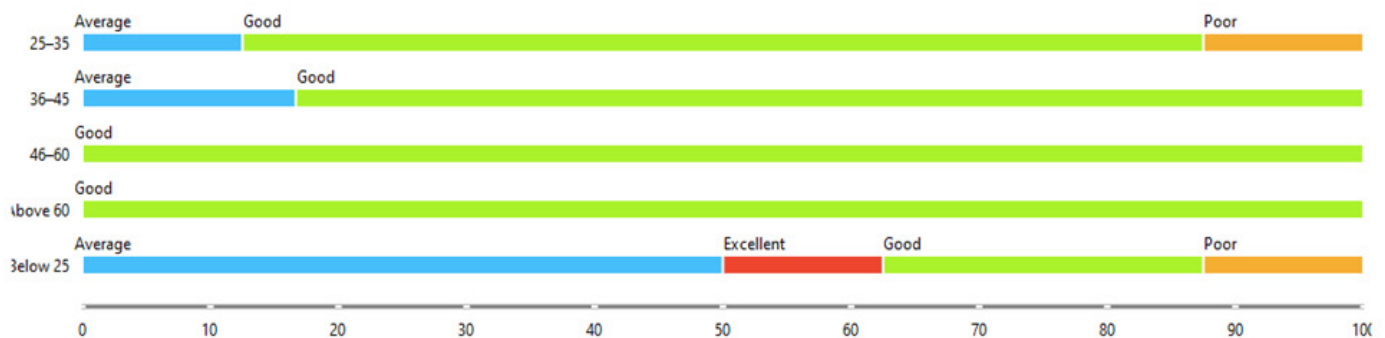
Target Population: Individual investors who are either currently investing in mutual funds or have prior experience with them

Sampling Methodology: Use stratified random sampling to ensure diverse representation based on age, income, education, and investment experience. Aim for a sample size of 26 respondents for the survey.

Data Analysis Tool: MS Excel, Orange Software.

### Data Analysis

#### Knowledge of Mutual Fund Based on Age



$\chi^2$ : 10.57 (p=0.566, dof=12)

Figure 1. Mutual Fund Knowledge Analysis with Age

The graph in figure 1 depicts age groups and their knowledge concerning mutual funds. In most age categories, the “Good” level of knowledge was assigned to a majority of the participants, meaning that there is a general positive awareness about mutual funds. To be more precise, the people of 46-60 and the ones over 60 years old stayed mainly in the “Good” category which implies that the older investors of the “Good” category have steady and probably consistent knowledge due to the financial experience they have. The 36-45 and the 25-35 age groups also show “Good” awareness to a large extent whereby the proportions indicating “Average” or “Poor” understanding are the least. This indicates that the adult population in working age is rather well informed but perhaps they do not have insights as deep as those in the case of investment strategies. The below 25 group, however, presents more mixed distribution of ratings - the majority fall in the “Average” category, but there are also significant percentages in the “Excellent” and “Good” categories, indicating that among young investors interest and learning are increasing. On the other hand, some still belong to the “Poor” category which emphasizes that financial education is necessary at an early age. The outcome of the chi-square test ( $\chi^2 = 10.57$ ,  $p = 0.566$ ,  $df = 12$ ) indicates that there is no significant dependence of age on mutual fund knowledge, meaning the knowledge levels do not differ markedly among the age groups. In general, the mutual fund awareness seems to be quite equal at different generations, even though the directed educational programs could still be the proper means to improve knowledge, especially among the young and less experienced investors.

## Types of Mutual Fund Invested

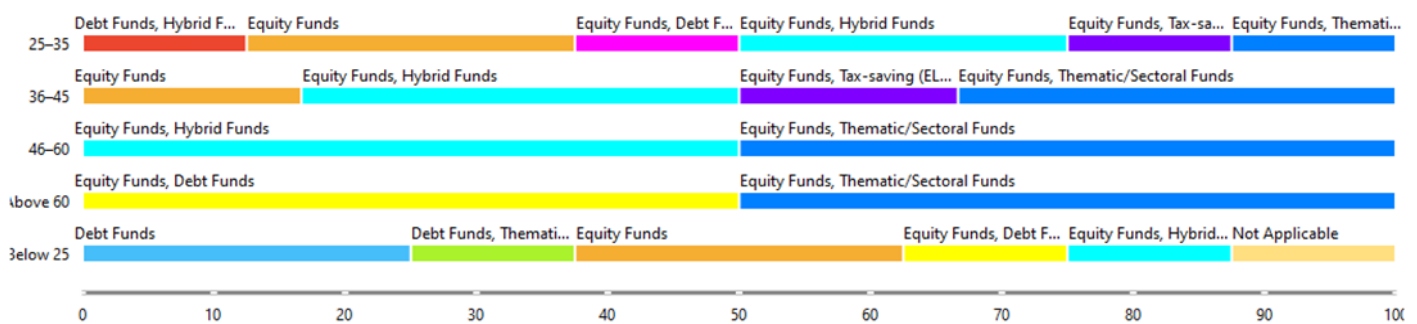


Figure 2. Mutual Fund invested by Different Age Groups

The graph in figure 2 depicts the different kinds of mutual funds that the various age groups have invested in. It uncovers that the investment choices of the age categories differ a little, but the most of the investors have a common bias toward equity and hybrid funds. The younger than 25 group has invested in 4 types of funds: debt funds, thematic/sectoral funds, equity funds, and hybrid funds. It means that the investors of this age are trying out different funds but at the same time are being cautious by choosing to invest in debt-oriented funds. The 25-35 age group shows a broader mix heavily investing in equity, hybrid, debt, tax-saving (ELSS), and thematic funds, which indicates a higher risk appetite and active portfolio diversification during their career-building years. The respondents in the 36-45 and 46-60 age groups show the same pattern of investment where they have a preference for equity and hybrid funds and at the same time a noticeable presence of tax-saving and thematic/sectoral funds, which mirrors a more strategic and long-term investment behavior, possibly due to financial stability and tax planning needs. However, the above 60 age group, while still participating in equity and debt investments, shows a more pronounced preference for thematic/sectoral funds indicating their readiness or desire for specialized investment options despite being close to or already in retirement.

## Reason for Investing in Mutual Fund

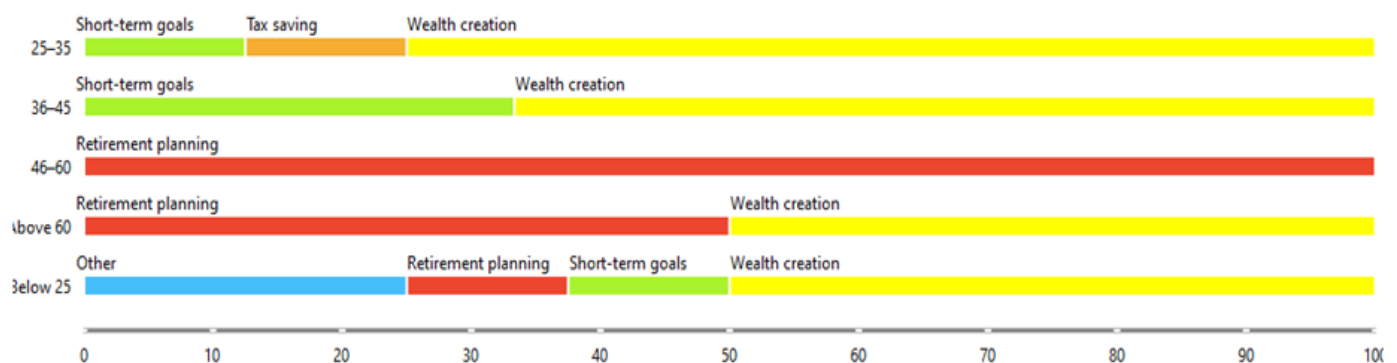


Figure 3. Investment Reason with Age Group

Figure 3 shows the reasons for investing in mutual funds are depicted through the chart in different age groups and also the financial priorities that change with age are indicated. The investment motives of the young people under 25 are many and varied, including retirement planning, short-term goals, wealth creation, and others. This shows that young investors with an exploratory nature are the ones who are just getting the hang of financial planning while at the same time meeting their short-term needs and trying to achieve their long-term dreams. The people aged 25-35 and 36-45 mainly invest for wealth creation, then come short-term goals and tax-saving purposes. This tells that the working-age people in their career growth phase increasingly aspire to capital appreciation and financial growth, and with them, the concern for liquidity and tax efficiency is only moderate. On the contrary, the 46-60 and above 60 age groups are predominantly motivated by the retirement planning issue and only slightly by the wealth creation one. This transition denotes the change in priorities from



accumulation to security and stability as individuals near or enters retirement.

### Concern about Investing in Mutual Fund

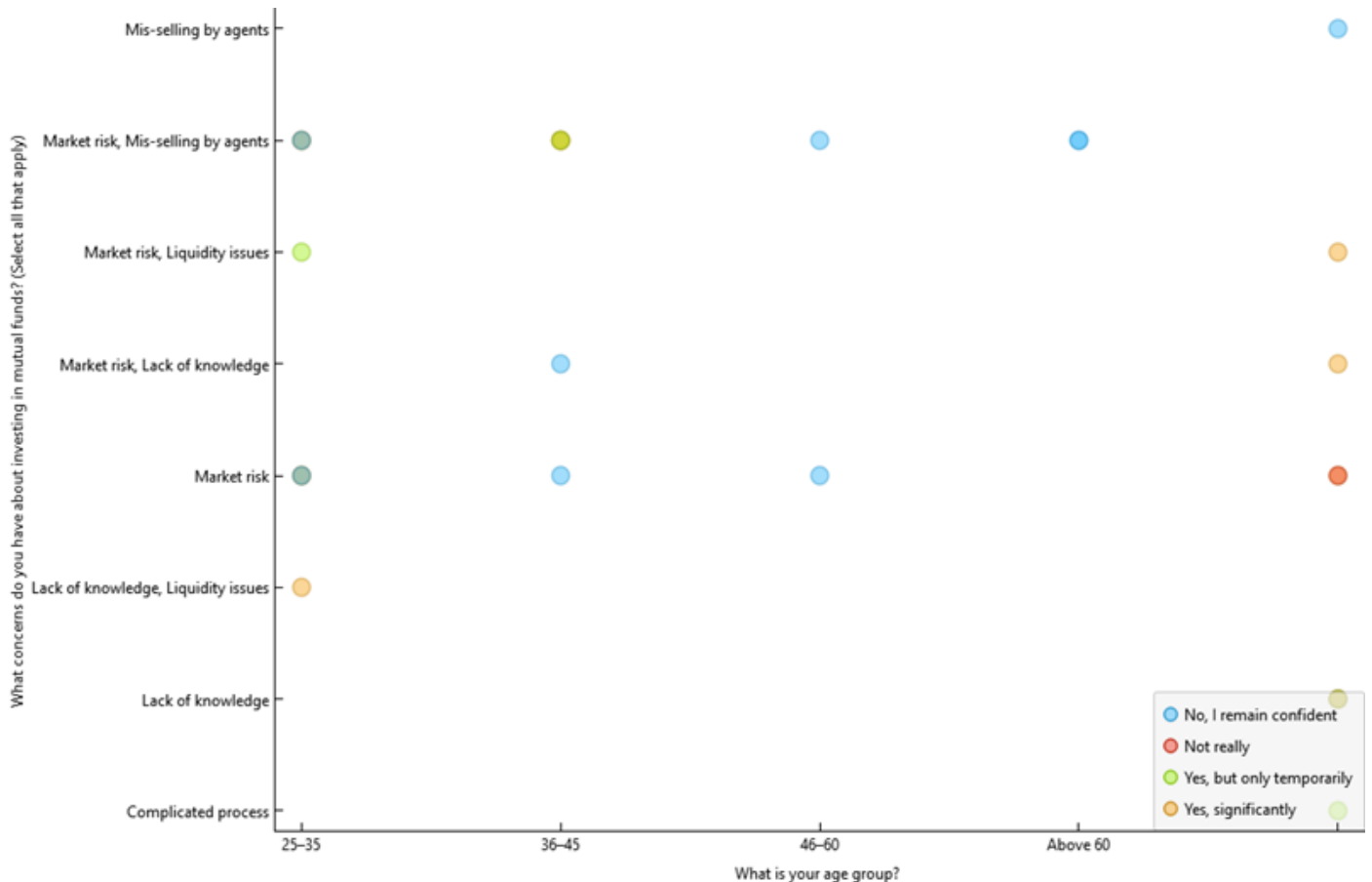


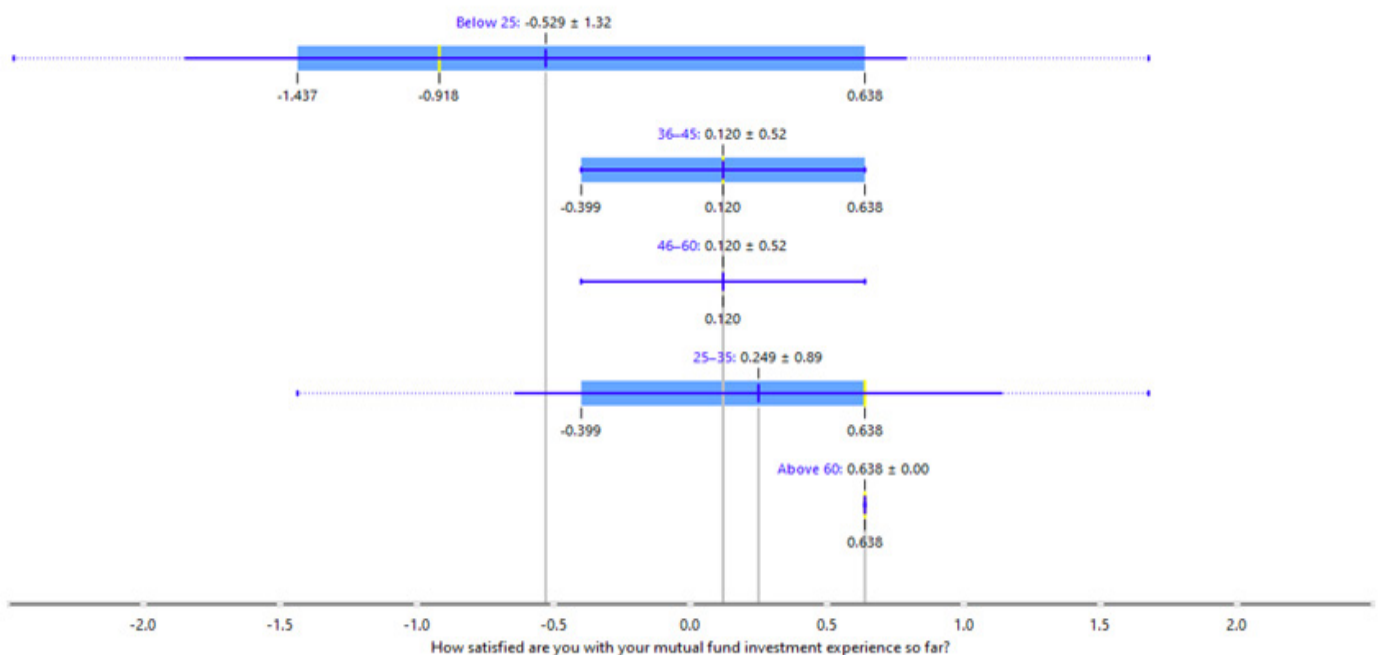
Figure 4. Concern about investing in Mutual Fund with Age

The chart in figure 4 examines the concerns from different age groups regarding mutual funds as an investment, thus illustrating the differences among age groups in terms of risk perception and awareness. When it comes to the 25-35 and 36-45 years old investors, market risk is definitely the main concern followed closely by liquidity issues and mis-selling of funds by agents. Besides, quite a few individuals indicate personal knowledge problems as one of the main issues, thus implying that generally the younger and middle-aged investors are quite sure, but still, they are cautious concerning the market upwards and downwards movements and non-transparent practices. Moreover, it is rather surprising that a large number of people from these age groups declared that they are still confident notwithstanding their concerns, which reflects a situation where the cognizance of risks coexists with the optimism about the investment outcomes. The group of investors aged 46-60 also exhibits similar reservations dominated by market and mis-selling risks, though they still consider themselves as the savvy investors of the day. This points out that experience along with a gradual exposure to financial products has not only enhanced their comprehension but also increased their acceptance of risk over time. The opposite is true for the above 60 years old group who have much stronger fears corresponding to market risk, liquidity problems, and mis-selling by agents, and some even admit that they are thoroughly or only momentarily affected by the problems. Thus, the older investors could be more vulnerable to the market ups and downs and the intricacies involved in the financial market due to their aversion to risk and preference for financial stability. To sum it up the interpretation suggests that market risk still holds the first place among the concerns of all age brackets, followed by mis-selling-related and liquidity issues. Nonetheless, as a rule, the concern is inversely proportional to the experience, since the middle-aged and older investors are usually the ones who display more confidence, whereas the young ones are the ones who intimidated by the limited knowledge and exposure to the financial markets.

### Satisfaction with the Mutual Fund Investment Experience

The figure 5 depicts the extent of satisfaction with the investment experience in mutual funds of different age groups, hence presenting the differences in investor's atmosphere and trust. People in the age of 60

years and older category reported the highest level of satisfaction (mean = 0,638) with no dispersal implying recognition of a very good experience of elderly investors. The reason may lie in their inclination towards securing, long-term investments and also being accustomed to the ups and downs of market behavior over their lifetime. The next is the young age group, 25-35 years, which has a good but not quite so positive satisfaction level (mean = 0,249  $\pm$  0,89), in that the maturity is generally good, although accompanied by some change resulting from different investment outcomes and market exposure. The 36-45 and 46-60 age groups are quite similar when it comes to the average satisfaction (0,120  $\pm$  0,52), which denotes a neutral to slightly positive attitude. This could be interpreted that middle-aged investors have a balanced view – recognizing both the advantages and disadvantages of mutual fund investments. On the contrary, the less than 25 years group has the least satisfaction level (mean = -0,529  $\pm$  1,32), with the greatest difference in opinions, which stands for a combination of good and bad experiences. It seems that the younger investors are unsure because of their little understanding of finance, shorter investment periods and being too sensitive to market changes. The outcome of the ANOVA test ( $F = 0,861$ ,  $p = 0,503$ ) states that the differences in satisfaction levels among the different age groups are not statistically significant. This indicates that, even though the satisfaction levels differ by a little, the experience with mutual fund investments is more or less the same across all age groups, wherein the elder are always just a bit more content than the younger ones.



ANOVA: 0.861 ( $p=0.503$ ,  $N=26$ )

Figure 5. Satisfaction Level with Age Group

### Primary Reason for investing in Mutual Funds based on Occupation

The graph in figure 6 depicts the main motivations for the investment in mutual funds of various occupational categories, and the values are presumably representing the correlation coefficients or preference weights that are ranging from somewhat -0,1 to 0,3. The pattern which is most striking at all is that of the wealth creation occupations showing a very strong positive relationship (between about 0,15 to 0,25) with their main investment motivation. This category of investors is seen to be incrementally, gradually, and without any discontinuities in their investment rationale. They, in general, have a positive and rich orientation towards the accumulation of wealth as the main reason for the investment in mutual funds. On the other hand, the retirement planning professionals show a small positive correlation (about 0,05-0,25) which means retirement planning is a factor in their investment decisions; however, it may not be the primary or the very significant factor in this group. The broad range indicates the presence of a number of different investment decision-making factors within this occupational group. Both short-term goals and tax-saving professionals reveal weak to slightly negative correlations (approximately -0,05 to 0,05); thus, they do not regard these factors as the main reasons for investing in mutual funds. The values near zero imply that these groups probably have more varied or different investment rationale that is not covered by these specific categories.

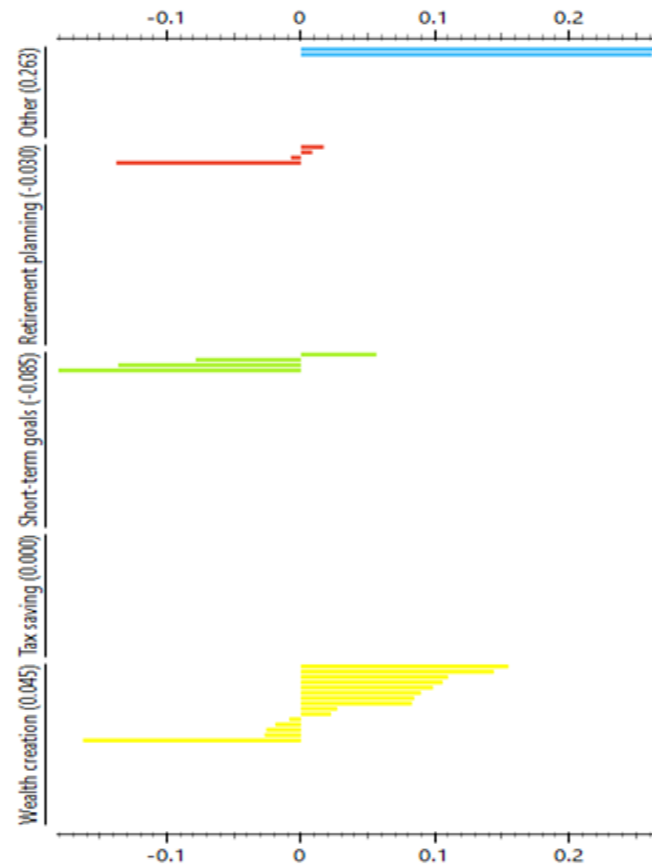


Figure 6. Silhouette Plot for Mutual Fund Investment Reason

#### Awareness of Thematic or Sectoral Mutual Fund

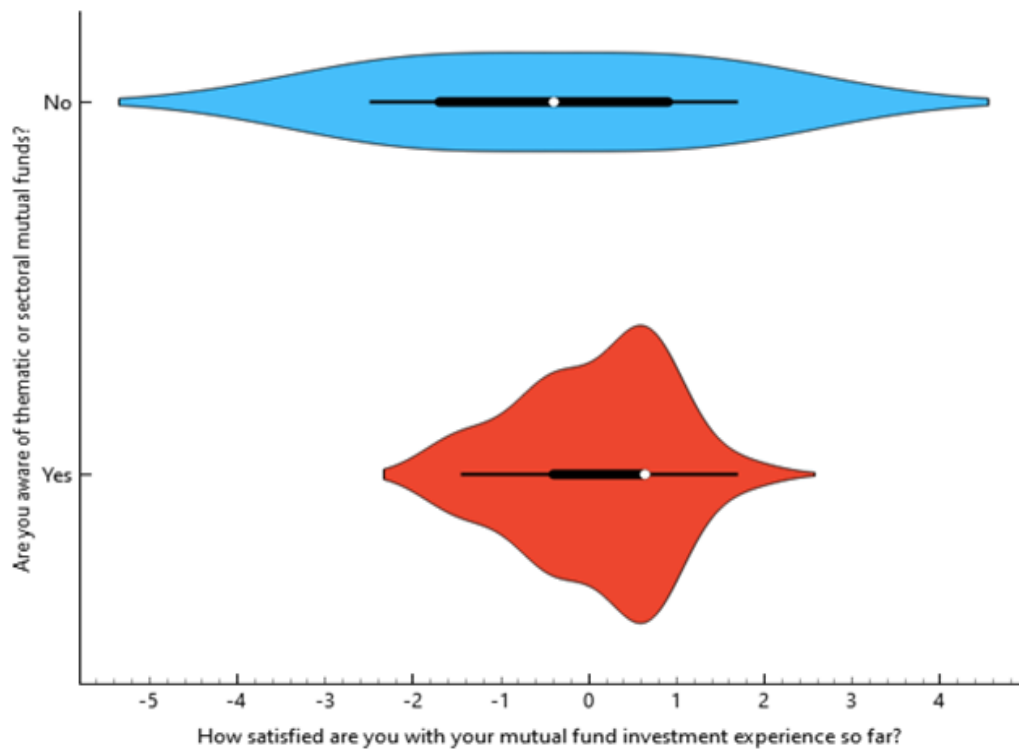


Figure 7. Mutual Fund Awareness



The data shown in the figure 7 illustrates the link between the investors' knowledge of thematic or sector mutual funds and their happiness with overall mutual fund investment experience. The distribution indicates the existence of two separate patterns. The non-aware group (investors not familiar with thematic or sectoral mutual funds) shown in blue, has a very narrow and focused distribution of their satisfaction, which is the neutral to slightly positive range (around 0 to 1 on the satisfaction scale). The group is more or less united in terms of the satisfaction levels, so their experiences do not vary much. The fact that the group is almost all in the center shows that these investors are moderately satisfied, neither very enthusiastic nor very unhappy with their mutual fund investments. On the other hand, the red-colored group of investors who are aware of thematic or sectoral mutual funds show a more saturated and differentiated distribution of the satisfaction. The responses of the group extend over a wider range from approximately -2 to +2 on the satisfaction scale, and the distribution has even more than one peak (more complex shape). The median satisfaction for this group seems to be around 0 to slightly positive values, which is also the case with the unaware group. The one's happiness is at least that of the unaware group, however, the wider spread indicates that there are more varied experiences—some investors in this category are much more satisfied, while others are quite dissatisfied. This pattern suggests that being aware of specialized investment options like thematic or sector funds may be correlated with diverse investment experiences and financial outcomes.

### **Managerial Implications**

The results of this research present numerous practical recommendations for the different parties involved in the mutual fund industry, such as asset management companies, financial technology firms, regulators, and educators.

#### **For Asset Management Companies**

The firms operating in the investment world should focus on adopting a products strategy for different age groups that will meet the financial requirements disclosed during the analysis of the various life stages. Between the ages of 25 and 45, there is a considerable inclination towards equity and hybrid funds, indicating a market for the projected hybrid products that can obtain diversity and, at the same time, keep the risk at a moderate level. The under-25s should be presented with a simplified scheme of such things as debt and balanced funds, alongside educational elements, which could not only lead to their being drawn in but also to their being kept and developed as investors in terms of skill and confidence. The survey highlighted a significant demand for thematic funds, particularly in the areas of technology, healthcare, and clean energy. Hence, one could say that instead of just a very gradual increase of their thematic ranges, the fund companies must also engage in constant communication regarding the risks that are inherent to each sector. The finding of the study that professionals build wealth as the primary investment reason has an impact on the marketing strategies, which should thus be focused on the long-term capital appreciation potential and the benefits of compounding rather than just on tax savings or short-term returns.

#### **For Digital Investment Platforms**

The great trust that was displayed to the app-based services such as Groww and Zerodha Coin means that the user experience, the design of the interface, and reliability of the platform are the main factors. Fintech businesses must provide extremely secure and hard-to-crack systems, very clear and upfront fee structures, and real-time portfolio tracking to gain investors' trust. AI personal assistants that suggest based on age, occupation, and risk appetite can significantly increase user engagement. Since market risk remains the biggest worry across all age groups, it would be great if the platforms offered educational modules, risk assessment tools, and scenario analysis features to the investors which would aid them in understanding market volatility and thus making wise decisions. The creation of in-app content for financial literacy designed for the younger investors who have shown low satisfaction levels may be the best way to overcome the knowledge gap and eventually win their loyalty for the long term.

#### **For Regulatory Bodies and Policymakers**

The deep-seated mistrust that sales agents receive from most especially elderly investors, necessitates stronger investor protection measures and tighter regulation of selling practices. As part of the communication of the regulators, obligatory disclosure norms that would be easier and more comprehensible for the public, especially in relation to the fee structures, performance restrictions, risks, etc., might be involved. The study that indicates a variance in financial literacy between the younger and older cohorts should be viewed as a reason for implementing more varied and age-specific investor education programs. It is possible that the regulators will insist that the fund companies and brokers provide the elderly with age-appropriate educational materials prior to making the investment or they might even offer subsidies for this purpose. The total digitization of mutual fund investment should prompt the modification of the regulatory regime such that it would be effectively tackling

cyber security, data privacy, and digital fraud prevention issues while at the same time maintaining the open access that has played a significant role in the democratization of mutual fund participation.

#### **For Financial Advisors and Intermediaries**

Advisors must be consultative when it comes to taking the age bands approach for their clients recognizing their different issues and priorities. The youngest investors will be the ones most likely to indulge in discovering their finances while at the same time lacking certain knowledge, in these cases, the financial advisors will have to adopt the patience of a saint and guidance through basic language and goal-based planning rather than selling them the product. In the case of the middle-aged clients who wish to make money, the financial advisors will have to use high-class strategies of portfolio construction that will beat the risks and the problems related to the goals of the clients. For the senior clients who still concern themselves with the issue of retirement, the period of education regarding the different methods of preserving capital and income generation will be very important. The whole process of onboarding needs a revamp as it has been indicated by the study that investor liquidity was a worry throughout their life cycle. The client must be made very clear about redemption, exit loads, and traditional liquidity management as part of the onboarding process. Besides, the trust built up through open discussions about the market's risks and reasonable return expectations combined with no hard selling will play a vital role in client retention for a long time.

#### **For Educational Institutions**

It is very important that higher education institutions and professional training organizations incorporate practical mutual fund education into their respective curricula, particularly for those students who are pursuing subjects such as management, commerce, and finance. The different degrees of understanding that are evident among the young people under 25 suggest that there is a genuine need for financial literacy programs focused on mutual funds aimed at this age group, and the cooperation between educational institutions and industry practitioners may result in creating opportunities such as internships, workshops, and case study learning that would bridge the gap between theory and practice in investment decision making. Moreover, the institutions might also consider offering certification training in mutual funds covering the areas of mutual fund analysis, portfolio management, and risk, which would establish basic financial literacy, improve job opportunities, and make the students ready for the upcoming generation of investors.

#### **Strategic Recommendations for Industry Growth**

If the mutual funds industry is to retain individual retail investors in this sector, it must combine forces to single out the millennial and Gen Z investors in narrowing the knowledge-confidence gap in mutual funds. This will mean changing over from transaction-driven to relationship-driven models of interaction. Investor education on a strong collaboration among fund houses, platforms, advisors, and regulators would surely create a virtuous circle of informed investing, positive experiences, and continued involvement. Furthermore, the rising demand for thematic and ESG funds will likely make the investment products more compatible with the investors' values and social issues, therefore, possibly helping the young investors' socially responsible-targeted goals. Moreover, the implementation of investor feedback mechanisms like continuous feedback and formal satisfaction surveys such as this research, should be employed to understand and deal with the constantly evolving investor mindsets.

#### **CONCLUSION**

This study explores the complex nature of the association between the Indian retail investor and mutual funds. It explores the emerging challenges and opportunities in the retail investment ecosystem. There are positive trends regarding investor segments, particularly across different age demographics, and the role of technology in access and confidence. Mutual funds have also positioned themselves as the investment vehicle of choice across age segments. This study has found that different age segments of the population are aware of mutual funds positively and the older population relative steadiness in knowledge is likely due to financial illiteracy experience. Younger investors are more exploratory, albeit with more varied, and sometimes contradictory, knowledge and are the target population for more strategic financial literacy and education, especially those less than 25 years of age in order to strengthen confidence and knowledge for more effective decision-making in prospective investments. The impact that market volatility has on the investors, especially on the less-informed groups, the concern of risk and volatility vis-a-vis the value of the market, seem universal is another suggestive concern within the population.

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## FINANCING

None.

## CONFLICT OF INTEREST

None.

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