



# A Study of Mutual Fund Preference Among Young Investors

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**Abstract** – India’s investment landscape has undergone a significant transformation due to rising financial awareness, digital accessibility, and changing risk preferences among young investors, making mutual funds a popular choice for their diversification, affordability, and relatively lower risk. This study focuses on individuals aged 21 to 35 and aims to analyse their preferences, attitudes, and decision-making behaviour toward mutual fund investments by examining key factors such as risk tolerance, return expectations, financial literacy, investment goals, liquidity needs, and the influence of digital platforms and social media. It also evaluates their awareness of important concepts like NAV, SIPs, expense ratios, and fund categories, and how this knowledge affects their investment choices. Additionally, the research explores preferred types of mutual funds, the role of financial advisors and peer influence, and the impact of technology-driven platforms on investment behaviour. The study further analyses risk-return perception, responses to market volatility, and long-term investment discipline, while identifying common challenges such as lack of trust, limited knowledge, and difficulty in selecting suitable schemes, with the aim of providing insights for improving financial education and developing more investor-friendly financial products.

**Keywords:** Mutual Funds ,Young Investors ,Investment Behavior ,Systematic Investment Plan (SIP) ,Digital Investment Platforms , Investor Awareness.

## I. INTRODUCTION

The Indian financial market has witnessed significant growth and diversification, offering a wide range of investment avenues to individual investors. Among these, mutual funds have emerged as one of the most popular and preferred investment options due to their professional management, diversification benefits, liquidity, and relatively lower risk compared to direct equity investments. With increasing financial awareness and easy access to investment platforms, mutual funds have gained particular attention among young investors.

Young investors, typically belonging to the age group of 20 to 35 years, represent a crucial segment of the investment market. This group is characterized by higher risk-taking capacity, longer investment horizons, increasing disposable income, and greater exposure to financial information through digital media. Their investment preferences, expectations, and decision-making behaviour play an important role in shaping the future growth of the mutual fund industry.

Despite the availability of numerous mutual fund schemes, the preference of young investors is influenced by several factors such as risk and return expectations, fund performance, brand reputation, financial literacy, tax benefits, and advice from financial advisors or peers.

The present study aims to analyse the mutual fund preferences among young investors and identify the key factors influencing their investment decisions. By examining awareness levels, investment objectives, preferred types of mutual fund schemes, and sources of information, the study seeks to provide valuable insights into the investment behaviour of young investors. In the

current competitive financial environment, understanding the preferences and expectations of young investors has become essential for mutual fund companies and financial institutions. Insight into investor behaviour helps asset management companies design suitable products, improve service quality, and develop effective marketing and communication strategies. Additionally, policymakers and regulators can use such insights to promote financial inclusion and investor protection through targeted awareness programs.

### Objectives of the Study

- To study the level of awareness of mutual funds among young investors.
- To analyze preferred types of mutual fund schemes.
- To identify factors influencing mutual fund investment Decision.
- To study the role of returns in mutual fund selection.
- To Assess investment patterns of young investors.

### Significance of the Study

- Understanding Young Investor Behavior.
- Support to Mutual Fund Companies.
- Enhancement of Financial Awareness.
- Aid to Financial Advisors.
- Encouragement of Long-Term Investments.
- Promotion of Financial Inclusion.

### Importance of the Study

- This study helps to understand the mutual fund investment preferences of young investors. It highlights their expectations, risk tolerance, and investment behaviour.



- The research supports mutual fund companies in developing products that match the financial goals of young investors. It helps improve customer satisfaction and retention.
- The study encourages young investors to make informed and systematic investment decisions. It promotes awareness about different mutual fund schemes.
- The findings assist financial advisors in providing better investment guidance to young investors. It enables personalized and goal-oriented financial planning.
- The study highlights the importance of financial literacy among young investors. It identifies gaps in awareness that can be addressed through education programs.

## II. REVIEW OF LITERATURE

The literature on mutual fund investment highlights several factors influencing investor preferences, particularly among young individuals. According to Investments by Zvi Bodie, Alex Kane, and Alan J. Marcus, mutual funds offer benefits such as diversification, professional management, liquidity, and accessibility, making them attractive to investors. Behavioural aspects are emphasized by Hersh Shefrin in *Beyond Greed and Fear*, who explains that psychological biases and risk perception significantly influence investment decisions, with young investors generally showing higher risk-taking capacity.

Further, Investment Analysis and Portfolio Management by Frank K. Reilly and Keith C. Brown highlights the importance of the risk-return trade-off in shaping investor choices, explaining the preference for equity or hybrid funds among younger investors. P. K. Tripathi in *Financial Management* stresses that financial literacy, awareness, and convenience play a vital role in mutual fund selection, particularly through Systematic Investment Plans (SIPs). Similarly, M. Ranganathan and R. Madhumathi in *Investment Management* note that SIPs attract young investors due to their simplicity, disciplined approach, and long-term wealth creation benefits. Overall, these studies indicate that both financial and behavioural factors significantly influence mutual fund preferences among young investors.

### Hypothesis of the Study

#### Hypothesis -1

- $H_0$  (Null Hypothesis): There is no significant relationship between age and preference for mutual fund investments among young investors.
- $H_1$  (Alternative Hypothesis): There is a significant relationship between age and preference for mutual fund investments among young investors.

#### Hypothesis -2

- $H_0$ :(Null Hypothesis): Awareness level has no significant impact on mutual fund investment preference among young investors.
- $H_1$ :(Alternative Hypothesis): Awareness level has a significant impact on mutual fund investment preference among young investors.

## III. RESEARCH DESIGN

The study uses a descriptive research design to analyse the preferences of young investors towards mutual fund investments. This design is appropriate as it helps in systematically understanding investor characteristics, attitudes, and behaviour. The study focuses on key factors such as risk perception, return expectations, investment horizon, and awareness influencing mutual fund investment decisions.

A quantitative approach is adopted, with primary data collected through a structured questionnaire from young investors. Secondary data is gathered from books, journals, research articles, websites, and official reports related to mutual funds and investor behaviour. The study population consists of investors aged 20 to 35 years who are aware of or invested in mutual funds.

### Sample Selection

Sample selection refers to the process of selecting a representative group from the target population for the purpose of the study. It is essential because studying the entire population of young investors is not feasible due to time and cost constraints. A properly selected sample helps ensure that the findings accurately reflect the behaviour and preferences of the overall population.

In this study, the target population includes young investors aged 20 to 35 years who have invested or are interested in mutual funds. A minimum sample size of 100 respondents is considered for data collection.

### Data Collection

The study uses both primary and secondary data for analysis. Primary data is collected directly from young investors aged 20–35 years through a structured questionnaire. This helps in understanding their mutual fund preferences, investment objectives, and the factors influencing their investment decisions. Secondary data is obtained from books, journals, reports published by Securities and Exchange Board of India and Association of Mutual Funds in India, as well as reliable online financial sources. This data is used to build the theoretical background of the study and to support the analysis of current industry trends.

### Design of Questionnaire

The questionnaire for the study titled “A Study of Mutual Fund Preferences among Young Investors” is structured systematically to collect relevant primary data from



respondents. It consists of close-ended questions framed in simple and clear language to ensure uniformity, ease of understanding, and effective analysis. The questionnaire is divided into sections covering demographic details such as age, gender, education, and income, followed by questions related to investment behaviour and mutual fund preferences.

### Population and Sample of Respondents

The population of the present study comprises young investors who are either currently investing or have the potential to invest in mutual funds. For the purpose of this research, young investors are defined as individuals in the age group of 18 to 35 years, including students, salaried employees, and self-employed individuals. Since studying the entire population is not feasible, a sample has been selected for data collection. The sample consists of young investors within the same age group who are aware of mutual fund investments. A total of 100 respondents were selected as the sample size for the study.

### Data Analysis Method

The data collected through structured questionnaires were edited, coded, classified, and tabulated to facilitate systematic analysis for the study “A Study of Mutual Fund Preferences Among Young Investors.” Both quantitative and descriptive methods were used to interpret the data in line with the study objectives.

Since the study is descriptive in nature, simple statistical tools were applied. Percentage analysis was primarily used to examine the distribution of respondents based on demographic factors and investment preferences. This method helped in presenting the data in a clear and simplified form for better interpretation.

### Scope of the Study

The scope of the present study is limited to young investors in the age group of 18 to 35 years. It focuses specifically on mutual fund investments and excludes other investment avenues such as real estate, gold, and cryptocurrencies.

The study examines key aspects including awareness levels, investment behaviour, preference factors, risk perception, and satisfaction of young investors. It is restricted to analysing their current preferences and perceptions during the period of the study. The research is based on both primary data collected through structured questionnaires and secondary data obtained from books, journals, research papers, and reliable online sources.

### Limitations of the Study

The present study is limited to young investors in the age group of 18 to 35 years; hence, the preferences of other age groups are not considered. It focuses only on mutual fund investments and excludes other investment avenues such as shares, real estate, gold, and cryptocurrencies.

The research is confined to a specific geographical area, so the findings may not be generalized to a wider population.

It is based on primary data collected through questionnaires, which may be subject to respondent bias or inaccurate responses. Additionally, the sample size is limited due to time and cost constraints.

## IV. DATA ANALYSIS

### Cumulative Frequencies Analysis

Table 1: Age group

1. Age group	Counts	% of Total	Cumulative %
18 - 22	17	17.0%	17.0%
23 - 26	40	40.0%	57.0%
27 - 30	33	33.0%	90.0%
Above 30	10	10.0%	100.0%

This study examined the age distribution of respondents using cumulative frequency analysis. The results indicate that the majority of participants fall within the 23–30 age range, which collectively accounts for 73.0% of the sample. Specifically, the 23–26 age group represents the largest proportion (40.0%), followed by the 27–30 group (33.0%). In contrast, respondents aged 18–22 and those above 30 constitute smaller proportions, 17.0% and 10.0% respectively. The cumulative percentages further confirm that 90.0% of respondents are below the age of 30, demonstrating a strong concentration of younger individuals in the sample.

Table 2: Gender

2. Gender	Counts	% of Total	Cumulative %
Female	50	50.0%	50.0%
Male	49	49.0%	99.0%
Prefer not to say	1	1.0%	100.0%

This study analysed the gender distribution of respondents using frequency and cumulative percentage techniques. The results show a nearly equal representation of male and female participants. Females constitute 50.0% of the sample, while males account for 49.0%. A very small proportion of respondents, 1.0%, preferred not to disclose their gender. The cumulative percentages further confirm that gender representation is almost evenly split between male and female respondents.

Table 3: Are you aware of mutual funds

5. Are you aware of mutual funds?	Counts	% of Total	Cumulative %
No	1	1.0%	1.0%
Yes	99	99.0%	100.0%

This study examined respondents’ awareness of mutual funds using frequency distribution and cumulative percentage analysis. The results reveal an overwhelmingly high level of awareness among participants. Out of the total sample, 99.0% indicated that they are aware of mutual funds, while only 1.0% reported that they are not



aware. The cumulative percentage further emphasizes this finding, showing that awareness reaches 100.0% when both categories are considered. The extremely small proportion of respondents lacking awareness highlights that knowledge of mutual funds is nearly universal within the sample.

Table 4: Sources of awareness

6. Sources of awareness	Counts	% of Total	Cumulative %
Advertisement	3	3.0%	3.0%
Financial advisor	26	26.0%	29.0%
Friends/Family	42	42.0%	71.0%
Online platforms	8	8.0%	79.0%
Social media	21	21.0%	100.0%

This study analysed the various sources through which respondents became aware of mutual funds. The findings indicate that interpersonal communication plays a dominant role in spreading awareness. The majority of respondents, 42.0%, reported that they learned about mutual funds through friends and family. This is followed by financial advisors, accounting for 26.0%, and social media, contributing 21.0%. In contrast, online platforms (8.0%), and advertisements (3.0%,) were found to be less influential sources of awareness. The cumulative percentages show that over 70.0% of awareness is generated through personal and professional networks (friends/family and financial advisors), highlighting the importance of trust-based information channels.

The first hypothesis of the study examined Based on the analysis, the null hypothesis is not rejected, indicating that there is no significant relationship between age and preference for mutual fund investments among young investors. The alternative hypothesis is therefore rejected. Further research with detailed comparative data and appropriate statistical testing is recommended to validate this relationship.

The second hypothesis of the study the analysis reveals that awareness of mutual funds among young investors is extremely high, with 99% of respondents indicating that they are aware of mutual fund investment options. This significant concentration of awareness suggests that awareness plays a crucial role in influencing investment preferences. Since the proportion of unaware respondents is negligible, it can be inferred that awareness is a key contributing factor to participation in mutual fund investments. Therefore, the null hypothesis stating that awareness has no significant impact is rejected, and the alternative hypothesis is accepted. This indicates that

awareness level has a significant impact on mutual fund investment preference among young investors.

## V. CONCLUSION

The study indicates that young investors are increasingly inclined toward mutual funds as a preferred investment avenue due to their accessibility, diversification, and professional management. A major driving factor is the growing financial awareness among youth, supported by digital platforms that simplify investing and provide easy access to information.

Most young investors tend to favor equity-oriented and hybrid mutual funds, as they align with their higher risk tolerance and long-term wealth creation goals. Systematic Investment Plans (SIPs) are particularly popular because they offer affordability, disciplined investing, and reduced risk through rupee cost averaging.

However, the study also highlights certain challenges. Many young investors still lack deep financial literacy and often rely on peer influence, social media trends, or short-term performance rather than thorough analysis. Risk perception varies significantly, and while some are willing to take aggressive positions, others remain cautious due to market volatility.

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