

**A STUDY ON INVESTORS' PERCEPTION TOWARDS HYBRID MUTUAL FUND
AN EXPERIMENTAL STUDY WITH SPECIAL REFERENCE
TO BANGALORE CITY**

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Abstract: *In India mutual fund industry started playing a very predominant role in securities market by channelizing the savings into the capital market. Today Indian Mutual Fund works in such a way, as similar to the Mutual Funds in the United States. Indian Mutual Fund industry started offering enormous types of mutual fund by categorizing it on various factors. One among them are Hybrid Mutual Funds. The current study briefly explains about the Hybrid Mutual Fund Industry. This study helps us to understand investor's perception or awareness level towards Hybrid mutual funds, and level of interest, the various factors that are affecting the investor's behavior and the problems faced by the investors in India, with the help of a well-structured questionnaire.*

Introduction

Globally Hybrid Mutual Funds market size is undergoing marvelous growth, also predicted to increase in the future as investors are rising their interest for balanced safe funds. The main aim of the Hybrid Mutual Fund is to achieve the wealth appreciation for long period and generate income in short run with a balanced portfolio by allocating in various proportions on equity and debt. Globally the hybrid funds are valued at \$ 5,545.9 billion in 2021, and is projected to reach \$25, 499.0 billion by 2031, with a CAGR growing of 16.8% from 2022 to 2031.

Concept of Hybrid Mutual Funds

Hybrid Mutual Funds are a combination of Equity and debt schemes, Hybrid Mutual Funds invest in both equity and debt securities with various proportion. Individuals who have a modest risk appetite and are eyeing for a diversified portfolio should invest in Hybrid funds and also pay dividends. These schemes can offer investors with the finest of both the avenues. The equity exposure can generate high returns but the associated with high financial risk. Simultaneously, the debt instruments in the portfolio provide stability, thus moderating the investment risk. As the Hybrid Mutual Fund are that class of fund that invest in both Equity and debt Instruments. Whereas, the Hybrid mutual fund aim is to

balance the risk-reward ratio, thereby, optimizing the return on investment.

Types of Hybrid Mutual Fund

1. **Aggressive Fund** – It invests mainly in stocks i.e., 65-80% and allocate only a limited amount of capital towards debt instruments 20-35% and invest a maximum in equity.
2. **Conservative Fund** – These funds invest 75-90% of their mass in equity and debt related instruments, and the remaining in equity related instruments.
3. **Dynamic Asset Allocation Fund**- These funds do not have definite percentage reserved for equity and debt. They change the allocation vigorously and can go to 100% debt from 100% equity or vice versa.
4. **Multi Asset Allocation Fund** – These funds invest in at least 3 asset classes with a minimum 10% allocation in each.
5. **Arbitrage Fund**- These funds follow arbitrage strategy. They invest minimum 65% in equity and equity related instruments.
6. **Equity Savings Fund** – These funds invest in equity, derivatives and debt. They invest between 65-100% in equity and equity related instruments and min 10% in debt.

Selection of the best Hybrid funds to invest by the investors

There are two ways of selecting the Hybrid Funds:

1. **Selection of Fund Managers:** Subsequently stocks are carefully chosen by fund managers, his performance depends on stock selection. Investors can have a look at the historic performance of the fund manager across different market cycles, credentials and experience.
2. **Expense ratio:** Every fund house charge to manage your funds in terms as annual fees that is called as expense ratio. Usually investors give preference to the funds with a low expense ratio if two or more funds rank similar in all other aspects.

Risk Associated in Hybrid Mutual Fund

1. **Market Risk:** Just like any other Investment Avenues, Hybrid Mutual Funds are subject to market variations. Investors can lose if the market price falls significantly. Volatility makes investment both reward and risky.
2. **Credit and Interest Rate Fluctuations**
3. **Lack of Expertise and control**

Literature Review

Hybrid Mutual Fund Industry plays an important part in the financial market specially in directing the saving of individuals in diversified sector. Various number of studies has been conducted across the globe till date to recognize the perception of Hybrid mutual fund investors. However, with the growing importance and interest of investors in the field of Hybrid Mutual Funds brings in the need to examine the existing literature in order to understand the perception of investor while investing in Hybrid Mutual Funds.

Naresh Chaudhary 2020 from Gujarat University conducted the study on performance evaluation of selected Hybrid Mutual funds where the study consists of two categories of Hybrid mutual fund aggressive and conservative schemes has been taken and the performance evaluation of those schemes has been done by finding returns, sharpe's ratio, beta and Jensen's Alpha.

CA GAURANG H. VASANI from Saurashtra University, Rajkot conducted a study on comparative learning of Performance of Top-rated Equity, Debt and Hybrid Mutual Fund Schemes in India. The study focused an examination of top-rated mutual fund schemes viz. equity, debt and Hybrid and informed debt returns are lesser than inflation rate. Debt Mutual funds, Tax saving schemes, long and medium term funds has revealed higher return than equity schemes.

Deepak Agrawal (2011) "Assessing performance of Indian Mutual Funds" piercing the development of Indian capital market and deregulations of the economy in 1992. In the research paper, analysis was piloted to analyze the Indian Mutual Funds Industry pricing mechanism. The outcome of the study is performance is directly affected by the saving and investment habit of the people and on the other part the confidence and loyalty of the fund manager and performance of the mutual fund industry. Normally the performance is dynamic as investor's hand-picked different types of schemes and generally all the mutual fund companies have various options for investors in diverse market condition and personal need and financial design.

Dr. Khurana Ashok made a study on An Analysis of Hybrid Mutual funds, the analysis was done for finding the return, and risk as well as performance has been analyzed by Risk-Return Adjustment. The study talks about the funds' performance and using benchmarks.

Dr. Yogesh Kumar Mehta (2012) Analyze Tax Mutual Fund schemes in India. The study was built on selected equity funds of public and private sectors mutual fund schemes. It was perceived that only 1.16% whispered by corporate and institutions of the total no. of investors accounts in the mutual fund industry. But in the terms of total investment is sizable that is 56.55% of total net promotions of the mutual fund industry. The researcher also concluded that Hybrid Mutual Fund did not prefer debt segment as investment priority

Research objective and Research Methodology

Possessing the research gap in mind, the following objectives have been formulated:

Objectives of the study

The general objective of the learning is to examine investor's awareness towards Hybrid Mutual Fund in Bangalore city. The precise objectives are stated below:

1. To identify the numerous factors influencing the investors while investing.
2. To identify the difficulties faced by investors while investing in Hybrid Funds.

Hypothesis of the Study

The Hypothesis of the study is as follows:

Objective 1. To study the factor influencing the investors in selecting Hybrid Mutual Fund schemes in Bangalore city, India.

H02: There is no association between factors determination of selection of Hybrid Mutual Fund.

Objective 2: To Study about the Problems faced by the investors while investing in Mutual Fund.

H03: There is no problems faced by investors while investing in Hybrid Mutual Funds

Research Methodology of the study

The study is ultimately an analytical based study on Primary research, to analyze the awareness of retail investors, the factors influencing the investors and the difficulties faced by the investors while investing in Hybrid Mutual Funds. The well-structured questionnaire is framed and distributed among the investors with a sample size of 250 investors' in Bangalore region, they have been selected by sampling method. The share brokers, investors from the UTI office, clients from mutual fund house and the professionals are contacted to establish with general investors in Bangalore city. The data was analyzed with the help of Cronbach Alpha and Anova test has been conducted to find the objective.

For measuring several phenomena and studying the collected data efficiently and effectively statistical techniques like Cronbach Alpha and Anova Test has been used for analysis.

Data Analysis & Interpretation

Demographic Analysis

Table 1:- Demographic Details

Demographics	Responses	Percentage
Gender	Male	79.6%
	Female	20.4%
Age	Below 25 years	15.6%
	25- 35 years old	41.6%
	35-45 years old	30%
	45- 55 years old	10%
	Above 55 years	2.8%
Occupation	Private Employee	55.6%
	Government Employee	4.8%
	Business	18.4%
	Professional	21.2%
Annual Income	Less than 3 Lakh	12%
	Rs. 3 Lakh to 5 Lakh	22.4%
	Rs. 5 Lakh to 8 Lakh	29.6%
	above 8 Lakh	36%

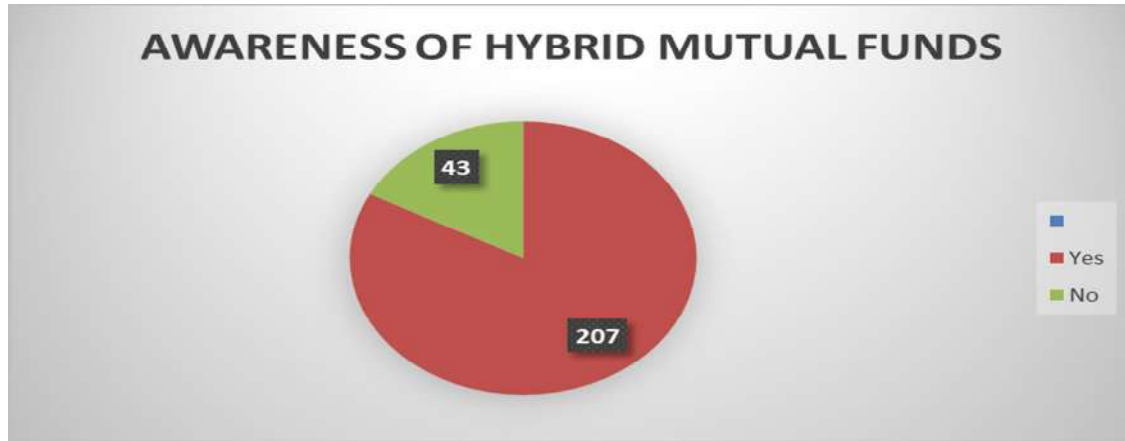
As shown in the above table -1 out of 250 respondents, 79.6% were males while 20.4% of them were females, 15.6% of the respondents were aged below 25 years, while 41.6% between 25-35 years, 30% were aged 35-45 years aged, 10% are aged 45-55% and 2.8% above 55 years each; around 55.6% are private employee, and 36% of the respondents lie in the income group of above 8 Lakh INR and 29.6% are between Rs. 5Lakh-8 Lakh.

Awareness of Hybrid Mutual Fund

Table 2: ARE YOU AWARE OF HYBRID MUTUAL FUND?

Awareness of Hybrid Mutual Fund	Frequency	Percent
Yes	207	82.8%
No	43	17.2%
Total	250	100.0

As shown in the above table-2. The major respondents around 82.8% investors are fully aware of the Hybrid Mutual Fund.

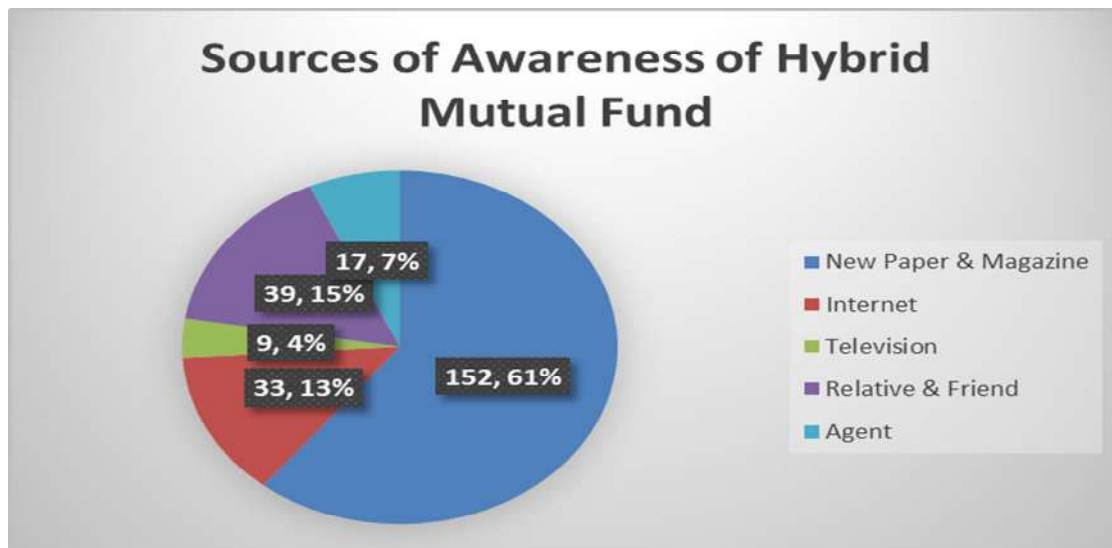


Sources of Awareness of Hybrid Mutual Fund

Table 3: Source of Awareness of Hybrid Mutual Fund

Sources of Awareness of Hybrid Mutual Fund	Frequency
New Paper & Magazine	152
Internet	33
Television	9
Relative & Friend	39
Agent	17

Chart 3: Source of Awareness of Hybrid Mutual Fund



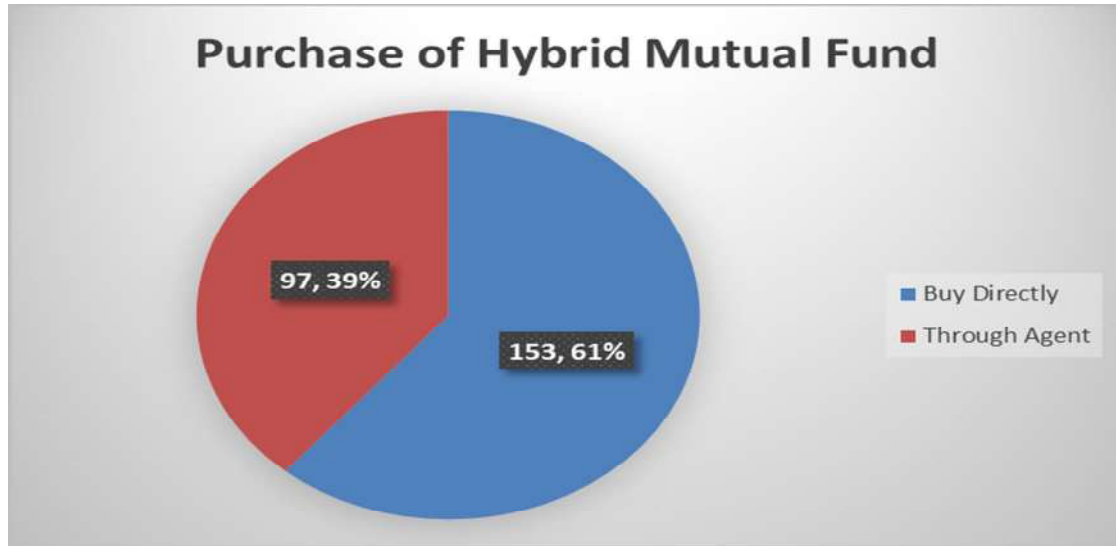
The above figure depicts that the sources of awareness of Hybrid Mutual Fund in respondents of around 250. The frequency of respondents around 152 are aware of Hybrid Mutual Fund through newspaper and magazines. 17 are aware of this funds through Agent.

Purchase of Hybrid Mutual Fund

Table 4: How do you purchase the Hybrid Mutual Fund?

Purchase of Hybrid Mutual Fund	Frequency
Buy Directly	153
Through Agent	97

Chart 4: Purchase of Hybrid Mutual Fund



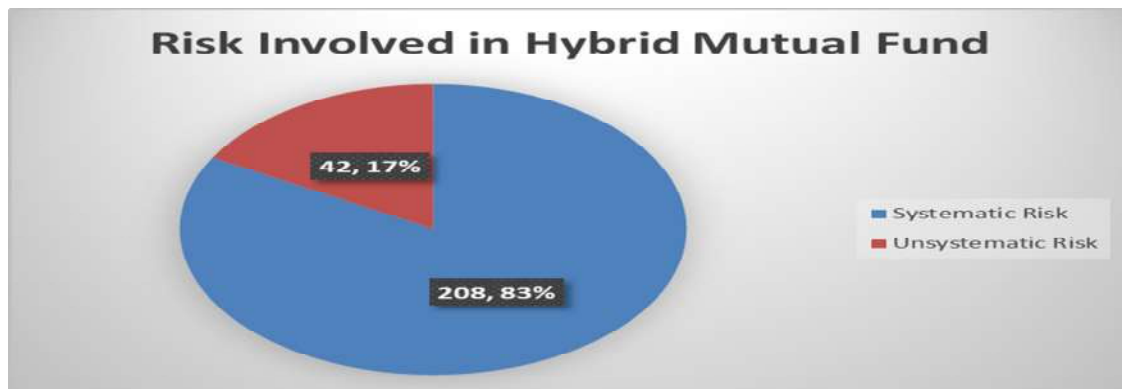
The above chart shows that the major respondents around 153 out of 250 respondents wish to purchase the Hybrid Mutual Fund Directly, and other respondents around 39% wish to purchase through the Agent.

Risk towards Hybrid Mutual Fund

Table 5: Which risk usually affects Hybrid Mutual Fund?

Risk	Frequency
Systematic Risk	208
Unsystematic Risk	42

Chart 5:



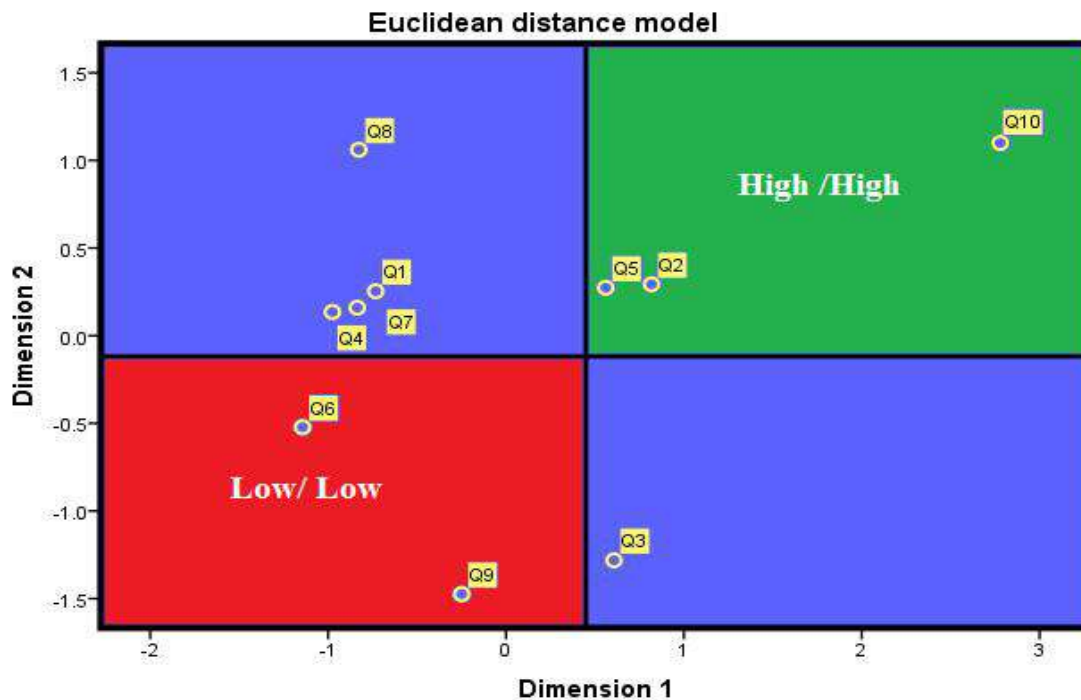
The above chart says that around 208 respondents among 250 feels that hybrid Mutual fund are involved with Systematic Risk and 17% of respondents feels that funds are involved with unsystematic risk.

Statistical Analysis

To study the factor influencing the investors in selecting hybrid mutual fund schemes in Bangalore city, India.

H01: There is no association between factors determination of selection of mutual fund among investors

FACTOR INFLUENCING THE INVESTORS IN SELECTING MUTUAL FUND SCHEMES



Q1. Capital Appreciation
Q2. High Return
Q3. Tax Saving
Q4. of Fund
Q5. and Security
Q6. Regular Income
Q7. Regular Savings
Q8. Risk Involved
Q9. Diversification
Q10. Easy Payment

Data Interpretation: The factor influencing the investors in selecting Hybrid mutual fund schemes in Bangalore city, Investors of two hundred and fifty respondents in the study. High return, safety and security, easy payment factors are highly influencing the investors in selecting Hybrid mutual fund schemes and regular income, diversification are not the factors influencing the investors in selecting Hybrid mutual fund schemes among the other factors capital appreciation, tax savings, liquidity of fund, regular savings, risk involved inducing the investors in picking mutual fund schemes in Bangalore city, India.

Reliability Test		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.736	.853	10

Data Interpretation The above table stipulates the Cronbach's Alpha score for the attributes inducing the investors in choosing mutual fund schemes in Bangalore city, India was calculated to be 0.853 which is greater than 0.7. It can be seen that the factors chosen are quite good enough to proceed for further data collection and analysis which indicated adequate sampling. All tests were conducted for 10% level, 5% level and 1% level of significance. Analysis met the purpose of each of the specific objectives and test the hypotheses.

H01: There is significant association between factors determination of selection of mutual fund among investors

Objective 2: To identify the problems faced by investors while investing in Hybrid Mutual Funds

H02: There is no problems faced by investors while investing in Hybrid mutual funds.

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Problems Faced by Hybrid Mutual Fund Investors.	Between Groups	1.587	1	1.587	.074	.000
	Within Groups	5313.377	248	21.425		
	Total	5314.964	249			

Data Interpretation: According to the ANOVA table, it can be stated that as per the obtained value, the research objective is supporting the hypothesis. In addition to that, the significant value of the "Problems Faced by Hybrid Mutual Fund Investors" is ".000", which is supporting the stated hypothesis. As a result,

H2: There is no significant problems faced by the investors while investing in Hybrid Mutual Funds.

Findings

1. Out of 250 respondents, 41.6% are aged between 25-35, 55.6% of the people are private employee. The target market of Hybrid Mutual Fund companies could be people in the age group of 25-35 years working in private sector.
2. Most of the respondents are aware of Hybrid Mutual Fund around 82.8% investors are aware of this.
3. Major respondent's i.e. 61.2% wish to purchase the funds directly.
4. Most of the respondents feel that risk involved in Hybrid Mutual Fund are Systematic risk in nature
5. The Anova Test on awareness of Investors towards Hybrid Mutual Fund is highly significant.
6. The Easy payment, security and high return are the factors which influences the investors highly in investing in the Hybrid Mutual Funds.
7. Whereas, Diversification and Regular Income are the factors which influence less among the investors in the Hybrid Mutual Funds.
8. Most of the respondents feel that though there are numerous problem while investing in Hybrid Mutual Fund, the test feels that there is no particular problem is affecting the Hybrid Mutual Fund seriously.

Conclusions

The study performed by the researcher is to study the awareness about Hybrid Mutual Fund among investors in Bangalore. The study is conducted on data received from 250 respondents from Bangalore. Opinion from these respondents was collected with the help of a well-structured questionnaire. With the help of Data Analysis and interpretation, findings were drawn by researcher. With the help of findings following conclusion was drawn by researcher.

It is concluded that maximum number of investors are feeling positive towards the Hybrid Mutual Fund investments. The Study proved that Maximum investors are aware of the Hybrid Mutual Funds, Investors in Hybrid Mutual Funds are risk averse compared to other investment avenue. Investors are concerned mainly on high return, security and easy payment. Respondent doesn't have any major problem while investing in the Hybrid Mutual Fund.

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