A PROJECT REPORT

ON

TO STUDY THE INVESTMENT PATTERN OF INVESTMENT TOWARDS MUTUAL FUNDS

CASE STUDY: "ICICI PRUDENTIAL MUTUAL FUNDS"

SUBMITTED IN THE PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

SESSION 2020-2022



SUBMITTED TO

Department of MBA

SUBMITTED BY

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DECLARATION

I DEEPALI DHADWAL, hereby declare that this project title, — To Study the Investment Pattern of Investment Towards Mutual Funds Case Study: "ICICI Prudential Mutual Funds" is my own work, prepared during the academic year 2020-2022 under the guidance of Mrs Priyanka Sharma.

I also declare that project has been conducted in partial fulfilment of the requirement for the MASTERS DEGREE IN BUSINESS ADMINISTRATION (MBA) offered by GOVT. P.G. COLLEGE DHRAMSHALA affiliated by HIMACHAL PARDESH TECHINCAL University.

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CERTIFICATE

This is to certify that Miss. Deepali Dhadwal of Department of MBA Government Post Graduate College Dharamshala has successfully completed the project work titled To Study the Investment Pattern Towards Mutual Funds - Case Study, "ICICI PRUDENTIAL MUTUAL FUNDS" in partial fulfilment of requirement for the completion of MBA course as prescribed by the Himachal Pradesh Technical University.

This project report is the record of authentic work carried out by him/her during the period from February 2022 to May 2022. She has worked under my guidance**.**

Signature-

Project Guide – Mrs. Priyanka Sharma

Date- 8-7-2022

ACKNOWLEDGEMENT

I take this opportunity to extend my sincere thanks to Government Post Graduate Collage Dharamshala. First of all, I extend my heartfelt gratitude to my project guide and mentor Mrs. Priyanka Sharma Assistant Professor MBA Department in GPGDC Dharamshala for having made my final project a Great learning experience by giving me her guidance, insights and encouragement which acted as a continuous source of support for me during this entire period. Without which the success of this project wouldn't had been possible. I would also like to express my profound gratitude to all faculty members of MBA Department his constructive support during the final project period, which leads to successful completion of my final project for MBA program.

Name- Deepali Dhadwal
Place: Dharamshala
Date: -. 8-7-2022

EXECUTIVE SUMMARY

In few years mutual funds has emerged as a tool for ensuring one's financial wellbeing. Mutual funds have not only contributed to the India growth story but have also helped families tap into the success of the Indian industry. As information and awareness is rising more and more people are enjoying the benefits of investing mutual funds. The reason the number of retail mutual fund investors remain small is that nine with ten incomes in India do not know that mutual funds exist. But once people are aware of mutual fund investment opportunities, the number who decide to invest in mutual fund increases to as many as one in five people. The risk for converting a person with no knowledge of mutual fund to a new mutual fund customer is to understand which of the potential investors are more likely to buy mutual fund and to use the right arguments in the sales process that customers will accept as important and relevant to their decision.

This project gave me a great learning experience and at the same time it gave me enough scope to implement my analytical ability. The analysis and advice presented in this project report is based on market research on saving and investment practices of the investors and preferences of their investment in mutual fund. This report will help to know about the investors preferences in mutual fund means are they prefer any particular asset management company (AMC), which type of product they prefer, which option (growth or dividend) they prefer or which investment strategy they follow (systematic investment plan or one time plan) this product as a whole can be divided into two parts

The first part gives as insight about mutual funds and its various aspects, the company profile objectives of the study, research methodology. One can have a brief knowledge about mutual funds and its basics through the project. The second part of the project consists of data and its analysis through survey done on 100 people. For the collection of primary data, I made a questionnaire and surveyed of 100 people. I studied about the products and strategies of SBI to know why people prefer to invest in SBI. This project covers the topic 'INVESTMENT PATTERN OF INVESTMENT TOWARDS MUTUAL FUNDS, Case Study: "ICICI Prudential Mutual Funds" the data collected has been well organized I hope the research findings and conclusion will be of use.

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CHAPTER-1

INDUSTRY PROFILE

1.1 HISTORY

GLOBAL HISTORY- Introduced in Belgium in 1822. This form of investment soon spread to Great Britain and France. Mutual funds became popular in the United States in the 1920s and continue to be popular since the 1930s, especially open-end **mutual funds**. Mutual funds experienced a period of tremendous growth after World War II, especially in the 1980s and 1990s.

HISTORY OF MUTUAL FUND INDUSTRY IN INDIA-

The origin of mutual fund industry in India is with the introduction of the concept of mutual fund by UTI in the year 1963. Though the growth was slow, but it accelerated from the year 1987 when non-UTI players entered the industry. UTI remained the only fund till the government allowed public sector banks to start mutual funds in 1987. Major PSU banks like SBI, Canara Bank, Indian Bank and Punjab National Bank started offering their products. Insurance giants LIC and GIC also started their own mutual fund subsidiaries. They were all reasonably successful as equity investments gained popularity during the bull market of the early nineties.

In the past decade, Indian mutual fund industry had seen dramatic improvements, both quality wise as well as quantity wise. Before, the monopoly of the market had seen an ending phase; the Assets under Management (AUM) were Rs. 67bn. The private sector entry to the fund family raised the AUM to Rs. 470 bans in March 1993 and till Putting the AUM of the Indian Mutual Funds Industry into comparison, the total of it is less than the deposits of SBI alone, constitute less than 11% of the total deposits held by the Indian banking industry.

The main reason of its poor growth is that the mutual fund industry in India is new in the country. Large sections of Indian investors are yet to be intellectuated with the con

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11% of the total deposits held by the Indian banking industry.

The main reason of its poor growth is that the mutual fund industry in India is new in the country. Large sections of Indian investors are yet to be intellectuated with the concept. Hence, it is the prime responsibility of all mutual fund companies, to market the product correctly abreast of selling.

Private sector players were allowed into the industry in 1993 after SEBI was established as the market regulator. A host of private banks and international fund houses started their operations and investors could choose from many innovative products. SEBI brought out comprehensive guidelines for establishment and management of mutual funds in 1996.

In 2003, the Unit Trust of India, which was not under SEBI regulation, was split into two parts, UTI Mutual Fund (UTI MF) and a specified undertaking of UTI or UTI-I. UTI MF was brought under SEBI regulations while UTI-I was kept under direct government control since its schemes offered guaranteed returns.

From just Rs.25 crore under management in 1965, the total funds managed by the mutual fund industry stood at over Rs.2,91,000 crore as of September 2006. The industry has matured very fast over the last few years with a large number of players and diverse product

The mutual fund industry can be broadly put into four phases according to the development of the sector. Each phase is briefly described as under.

SECOND PHASE - 1987-1993 (ENTRY OF PUBLIC SECTOR FUNDS)

Entry of non-UTI mutual funds. SBI Mutual Fund was the first followed by Can bank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC in 1989 and GIC in 1990. The end of 1993 marked Rs.47,004 as assets under management.

THIRD PHASE - 1993-2003 (ENTRY OF PRIVATE SECTOR FUNDS)

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year

in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management were way ahead of other mutual funds.

FOURTH PHASE - SINCE FEBRUARY 2003

This phase had bitter experience for UTI. It was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with AUM of Rs.29,835 crores (as on January 2003). The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations

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PHASES-FIRST PHASE 1964-87

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI.

The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

1.2 GROWTH

Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of May 2022 stood at ₹ 37,37,087 crore.

Assets Under Management (AUM) of Indian Mutual Fund Industry as on May 31, 2022 stood at ₹ 37,22,010 crore.

The AUM of the Indian MF Industry has grown from ₹ 6.99 trillion as on May 31, 2012 to ₹37.22 trillion as on May 31, 2022 more than 5 fold increase in a span of 10 years.

1.3 AVERAGE ASSETS UNDER MANAGEMENT

Assets under management (AUM) is a financial term denoting the market value of all the funds being managed by a financial institution (a mutual fund, hedge fund, private equity firm, venture capital firm, or brokerage house) on behalf of its clients, investors, partners, depositors, etc. The average assets under management of all mutual funds in India for the quarter Dec 2015 to Mar 2016(in ₹ Lakh) is given below:

Mutual Fund Name	Total Schemes	QAAUM AUM (₹ Lakh.)	Prev QAAUM (₹ Lakh.)	Inc/Dec (₹ Lakh.)	Percentage
Axis Asset Management Company	263	3776454.37	3456348.88	320105	9%
Baroda Pioneer Asset Management Company	111	965630.33	925542.12	40132	4%
Birla Sun Life Asset Management Company	806	13678510.7	13684493.34	5312	0%
BNP Paribas Asset Management Company	114	509706.79	500795.21	9209	2%
BOI AXA Asset Management Company	76	238501.41	242767.91	2887	1%
Canara Robeco Asset Management Company	142	804326.86	751779.86	52627	7%
Pramerica Investment Management	8	27698	17194	10504	61%
DHFL Pramerica Asset Management Company	491	2598683.24	216345	-80979	-37%
DSP Asset Management Company	398	4015131.25	3918267.17	96865	2%
Edelweiss Asset Management Company	70	167774.29	163236.28	4538	3%
Escorts Asset Management Company	60	28559.18	29222.27	-663	-2%
Franklin Templeton Asset Management Company	200	6784076.49	7172216.54	-384257	-5%
Goldman Sachs Asset Management Company	18	610139.99	685179.35	-75039	-11%
HDFC Asset Management Company	1173	17608456.44	17866622.24	-256390	-1%
HSBC Global Asset Management Company	155	790382.19	837762.82	-47151	-6%
ICICI Prudential Asset Management Company	1529	17596397.6	17223699	390751	2%
IDBI Asset Management Company	92	689266.37	756428.17	-67162	-9%
IDFC Asset Management Company	453	5228379.46	5486421.83	-249600	-5%
IIFCL Asset Management Asset	1	35797.56	34293.89	1504	4%
IIFL Asset Management Company	18	48543.76	42203.84	6340	15%

IL & FS Infra Asset Management Company	12	92296.34	90029.5	2267	3%
Indiabulls Asset Management Company	56	528955.04	491675.45	37279	8%
JM Financial Asset Management	179	1616090.42	1586776.74	29313	2%
Kotak Mahindra Asset Management Company	431	5873108.27	5513383.02	362464	7%
L&T Asset Management Company	246	2594480.1	2505850.82	89990	4%
LIC Nomura Mutual Fund Asset Management Company	176	1315562.4	1238408.04	92942	8%
Mirae Asset Management Company	55	313272.14	280239.04	33101	12%
Nippon India Mutual Fund	1015	15936949.34	15787817.36	152561	1%
Motilal Oswal Asset Management Company	31	468921.13	455222.64	14103	3%
Peerless Asset Management Company	57	98524.1	102441.7	-3917	-4%
PPFAS Asset Management Company	1	61357.1	62931.88	-1575	-3%
Principal Asset Management Company	123	528106.02	587875.66	-59770	-10%
Quantum Asset Management Company	15	66093.04	65531.63	561	1%
Religare Global Asset Management Company	267	1959617.91	1988459.31	-28622	-1%
Sahara Asset Management Company	68	9929.16	11002.32	-758	-7%
SBI Asset Management Company	652	10732737.36	10058453.69	672760	7%
Shriram Asset Management Company	4	3716.98	3711.53	5	0%
Sundaram Asset Management Company	479	2366370.94	2187696.57	185302	8%
Tata Asset Management Company	324	3186223.17	3155590.09	26752	1%
Taurus Asset Management Company	65	394858.04	350334.19	44524	13%
Union KBC Asset Management Company	60	290228.21	273213.25	17015	6%
UTI Asset Management Company	1220	10630921.82	10612903.52	16124	0%

Gross	**11856**	**135912187.2**	**132170477.1**		

1.4 MARKET SIZE

At the end of 2020, open-end mutual fund assets worldwide were $63.1 trillion. The countries with the largest mutual fund industries are:

United States: $23.9 trillion

Australia: $5.3 trillion

Ireland: $3.4 trillion

Germany: $2.5 trillion

Luxembourg: $2.2 trillion

France: $2.2 trillion

Japan: $2.1 trillion

Canada: $1.9 trillion

United Kingdom: $1.9 trillion

China: $1.4 trillion

At the end of 2019, 23% of household financial assets were invested in mutual funds. Mutual funds accounted for approximately 50% of the assets in individual retirement accounts, 401(k)s and other similar retirement plans.

Luxembourg and Ireland are the primary jurisdictions for the registration of UCITS funds. These funds may be sold throughout the European Union and in other countries that have adopted mutual recognition regimes.

1.5 PEST Analysis of Note on the Mutual Fund Industry in India

1. **Understanding the importance of The PEST Analysis of Note on the Mutual Fund Industry in India**

The PEST Analysis of Note on the Mutual Fund Industry in India will help the company make strategic decisions correctly, keeping in perspective the external trends, and factors of the external environment. The PEST Analysis of Note on the Mutual Fund Industry in India will take into account the most important aspects of the external environment that impact the business. Alongside, PEST Analysis of Patagonia Gold Plc will equip the business for taking advantage of potential growth opportunities through identifying market trends and behaviours.

The following sections details the Note on the Mutual Fund Industry in India PEST Analysis. The Note on the Mutual Fund Industry in India PEST Analysis will look at the external factors – political, economic, social, technological, environmental, and legal. It is important to note that the Note on the Mutual Fund Industry in India PEST Analysis will be market specific, and the implications of the factors change for a company when the market changes.

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2. Political

2.1. Government stability

- The strong political structures and institutions support growth and development for Note on the Mutual Fund Industry in India
- Government stability also allows businesses like Note on the Mutual Fund Industry in India to expand regionally as well as internationally
- Trade relations with other countries because of political stability and strength allows businesses like Note on the Mutual Fund Industry in India to maintain offshore business affiliations easily and smoothly
- Government stability also attracts investors for businesses and companies such as Note on the Mutual Fund Industry in India – which leads to growth and development in the infrastructure as well as enhances international image
- High government stability can also attract resources for industry development as a whole, which in turn will boost player performance and improve overall competitive positioning

2.2. Tax policy

- Favorable tax policies allow businesses like Note on the Mutual Fund Industry in India to expand easily
- Government subsidies and favorable tax rates will also allow Note on the Mutual Fund Industry in India to maintain competitiveness by controlling its costs of doing business
- Costs of doing business, in turn, will also not be passed on to the consumers – thereby allowing consumers to enjoy favorable and competitive pricing
- Desirable tax policies that support business growth and development will allow businesses like Note on the Mutual Fund Industry in India to expand, and thereby add to creating economic value for the country as well

2.3. Competition regulation

- It is important for government and political institutions and bodies to monitor competition in the industry
- This will ensure that companies are using fair play for their products, and also business tactics and strategies
- Competition regulation will also help the government monitor, restrict and regulate imports to help local businesses grow and expand
- Competition regulation is important for the protection of all groups and stakeholders, as well as for maintaining the rights and interests of the related stakeholders

2.4. Trade blocks

- Companies like Note on the Mutual Fund Industry in India can take advantage of trade blocks and trade treaties that have been formed and signed by the respective country of origin
- Trade blocks can facilitate businesses like Note on the Mutual Fund Industry in India by lowering resource costs, lowering cost of doing business, as well as increasing the supply of talented people
- With trade blocks, companies like Note on the Mutual Fund Industry in India can also make their products and services easily accessible through various channels and distribution agencies for consumer to purchase and benefit from
- Strong industrial ties could be developed and maintained under trade blocks across borders, and in different countries which could help companies like Note on the Mutual Fund Industry in India benefit from advanced knowledge, knowhow and technology as well.

3. Economic

3.1. Inflation rate

- A moderate inflation rate is needed in the economy for companies like Note on the Mutual Fund Industry in India to flourish
- A moderate inflation rate will also help the business grow and work positively towards increasing the consumer confidence, and consumer spending trends

- As a result, the economy will get a boost and the overall disposable income will also increase
- A higher inflation rate would lead to a lower disposable income, and thus could lead to lower overall expanding, which could harm businesses and companies, as well as lower consumer confidence
- A lower inflation rate will lead to a high increase in the disposable income, and thereby could increase competitiveness, especially through pricing strategies which could lead to unethical price wars that take undue advantage of the consumer.

3.2. Interest rate

- A moderate interest rate will help businesses sand companies like Note on the Mutual Fund Industry in India in taking loans from the banks
- This business loan would be used for purposes of growth and development
- Business loans would also help in the development and building if the industry infrastructure at a large level
- Moderate to interest rates would also allow individuals to take personal loans.
- With lower to moderate interest rates, personal loans will translate into higher purchases and consumption patterns by the consumers. This in turn would lead to a boost in sales, consumption and penetration of businesses like Note on the Mutual Fund Industry in India.

3.3. Consumer spending trends

- Consumer spending trends are important and critical for companies like Patagonia Gold Plc, and their performance
- Higher consumer spending trends are preferred as they lead to higher purchases and consumption of products sold by Note on the Mutual Fund Industry in India
- The higher consumer spending is also reflective of higher purchasing power, which is important for increasing overall consumption patterns, and health of the economy
- These higher consumer trends can be positively influenced through product quality and marketing strategies
- In addition, these trends are also influenced by other economic indicators such as inflation rate, interest rate, and unemployment trends.

3.4. Unemployment trends

- Higher unemployment trends will lead to lower overall disposable income in the economy, which in turn would directly affect the performance of companies like Patagonia Gold Plc
- Higher unemployment trends could also be reflective of a gap in labor skills and knowledge – which again would harm consumers through higher prices of the products. The higher prices would be associated with the increased cost of doing business when labor would be imported from other sources for purposes of work.

4. Social

4.1. Demographics

- A higher portion of the younger population is beneficial for Note on the Mutual Fund Industry in India as it will allow the company a larger consumer population base
- In addition a younger population will also promise Note on the Mutual Fund Industry in India with more skilled and educated workers and human resources, thereby adding breadth and depth to the talent pool
- A moderate to high middle class is also important for Note on the Mutual Fund Industry in India as its current consumers, and advocates
- This group acts as brand ambassadors for Note on the Mutual Fund Industry in India, and encourages younger population to become loyal customers as well

4.2. Education

- A higher education in the population is desirable for multiple reasons that will benefit Note on the Mutual Fund Industry in India
- A higher education means more talented, skilled, and knowledgeable persons in the talent pool for Note on the Mutual Fund Industry in India
- A higher education also means that the population s consumers will be more aware of their purchases and consumption patterns

- As a result, they will focus on positive consumption which will give Note on the Mutual Fund Industry in India an advantage because of its unique competitive positioning and placement
- A higher awareness level also means that consumers will prefer quality, and will be knowledgeable of what the product promises and delivers. This comparison will form basis of repeat purchase
- Again, Note on the Mutual Fund Industry in India will be at an advantage because of their focus on quality

4.3. Family size and structure

- The family structure and size determine the frequency and nature of purchase made
- This is also important for understanding consumption patterns
- For the target population it he current market, note on the Mutual Fund Industry in India is faced largely with families of nuclear style, with two older children, and sometimes a younger child
- The key decision makers are eth parents, though they take into consideration the suggestions and requests of their children
- These parents as kept decision makers are influenced by marketing, store manager reviews, and recommendations and by friends and family
- As a result, Note on the Mutual Fund Industry in India applies push and pull strategies for its appeal

4.4. Health consciousness

- An increasing portion of the population is adopting health and wellness trends
- The health and wellness trend has also translated into consumption decisions and patterns
- Note on the Mutual Fund Industry in India has introduced health aspects in its marketing, and also add features of health in their products as per consumer research and behavioral assessments.
- The increased health consciousness has also led Note on the Mutual Fund Industry in India to make collaborations and take CSR initiatives focusing not only on physical, but also mental and emotional health and wellbeing.

5. Technological

5.1. Technological infrastructure

- The country has a strong infrastructure with regards to technology
- There is a high rate of technological development and advancement
- Increasingly, businesses like Note on the Mutual Fund Industry in India are incorporating technological up-gradations and innovation to increase business efficiency and affectivity
- There is high rate of innovation across all industries, which makes companies including Note on the Mutual Fund Industry in India competitive as well as progressive
- The improved technological infrastructure also helps in attracting foreign direct investment, which in turn leads to further development and advancement
- The improved technological infrastructure also helps in attracting foreign direct investment, which in turn leads to further development and advancement
- As a result, Note on the Mutual Fund Industry in India has a distinctive competitive advantage in terms of technological advancements, and the business continues to make use of, as well as participate in innovation processes to enhance the business cycles and operations

5.2. Internet penetration

- The country, and all consumer markets enjoy a high rate of internet penetration
- The high penetration of internet is used for personal and social lives along with professional responsibilities
- most all of the population own a smart phone for internet accessibility, and have access to computers and laptops as well
- The higher penetration of internet reflects a progressive and educated population, which is beneficial for Note on the Mutual Fund Industry in India

- Note on the Mutual Fund Industry in India has also made use of the high internet penetration to reach consumers, and for marketing and promotional strategies to be able to directly interact with consumers and gather feedback
- As a result, the higher internet penetration has helped Note on the Mutual Fund Industry in India in improving its quality and delivery, as well as allowed it to engage in strategic communications and marketing processes

5.3. Use of social media

- There is a higher portion in the population of the youth, as well as Middle Ages persons
- These population segments widely make use of social media for connectivity
- Increasingly, social media is also being used by businesses like Note on the Mutual Fund Industry in India for gathering consumer data and information
- Note on the Mutual Fund Industry in India also interacts with, gathers feedback, and communicates promotions to customers through official social media channels
- Business like Note on the Mutual Fund Industry in India have also started using social media for purposes of recruitment, which highlights the changing trends in the business community with respect to social media.

5.4. Investment in R &D

- There is a high level of local as well as international investment in the technological R&D of the country
- The high investment helps in advancing industries, and equipping them with new, and more flexible as well as effective ways for business operation and other business processes
- The higher investment, and related research has also allowed for an increased rate of innovation
- Businesses take advantage from innovation and development through the overall industrial growth along with development of competitive edge for the industry in the global market
- Adaptations by individual players like Note on the Mutual Fund Industry in India also leads to the building of high competitive advantage for companies

CHAPTER-2

COMPANY PROFILE

2.1 ICICI PRUDENTIAL MUTUAL FUND

ICICI Prudential Mutual Fund is the second largest asset management company in India. ICICI Prudential Mutual Fund was established in 1993.

The AMC is a joint venture between ICICI Bank, a well-known and trusted name in financial services in India and Prudential Plc, one of UK's largest players in the financial services sectors. Throughout these years of the joint venture, the company has forged a position of pre-eminence in the Indian Mutual Fund industry.

The AMC manages significant Assets under Management (AUM) in the mutual fund segment. The AMC also caters to Portfolio Management Services for investors, spread across the country, along with International Advisory Mandates for clients across international markets in asset classes like Debt, Equity and Real Estate.

The AMC has witnessed substantial growth in scale; from 2 locations and 6 employees at the inception of the joint venture in 1998, to a current strength of 1855 employees with a reach across over 350 locations reaching out to an investor base of 7.4 million investors (as on April 30, 2021). The company's growth momentum has been exponential and it has always focused on increasing accessibility for its investors.

Driven by an entirely investor centric approach, the organization today is a suitable mix of investment expertise, resource bandwidth and process orientation. The AMC endeavors to simplify its investor's journey to meet their financial goals, and give a good investor experience through innovation, consistency and sustained risk adjusted performance.

2.2 ORIGIN

The AMC is a joint venture between ICICI Bank in India and Prudential Plc, one of UK's largest players in the financial services sectors.

With its Corporate Office based in Bandra Kurla Complex, Mumbai, India the AMC has witnessed substantial growth in scale; from 2 locations and 6 employees at the inception of

the joint venture in 1998, to a current strength of more than 1000 employees with around 120 locations with an investor base of more than 1.9 million investors.

2.3 PARENT COMPANY AND THE SPONSORS

2.31 ICICI Bank

ICICI Bank is India's leading private sector bank with consolidated total assets at Rs. 14.76 trillion. The bank currently has a network of 5,288 branches and 15,158 ATMs across India. (Data as on September 30, 2020)

2.32 PRUDENTIAL PLC

Prudential plc is an Asia-led portfolio of businesses focused on structural growth markets. The business helps individuals to de-risk their lives and deal with their biggest financial concerns through life and health insurance, and retirement and asset management solutions. Prudential has 20 million customers, and is listed on stock exchanges in London, Hong Kong, Singapore and New York.

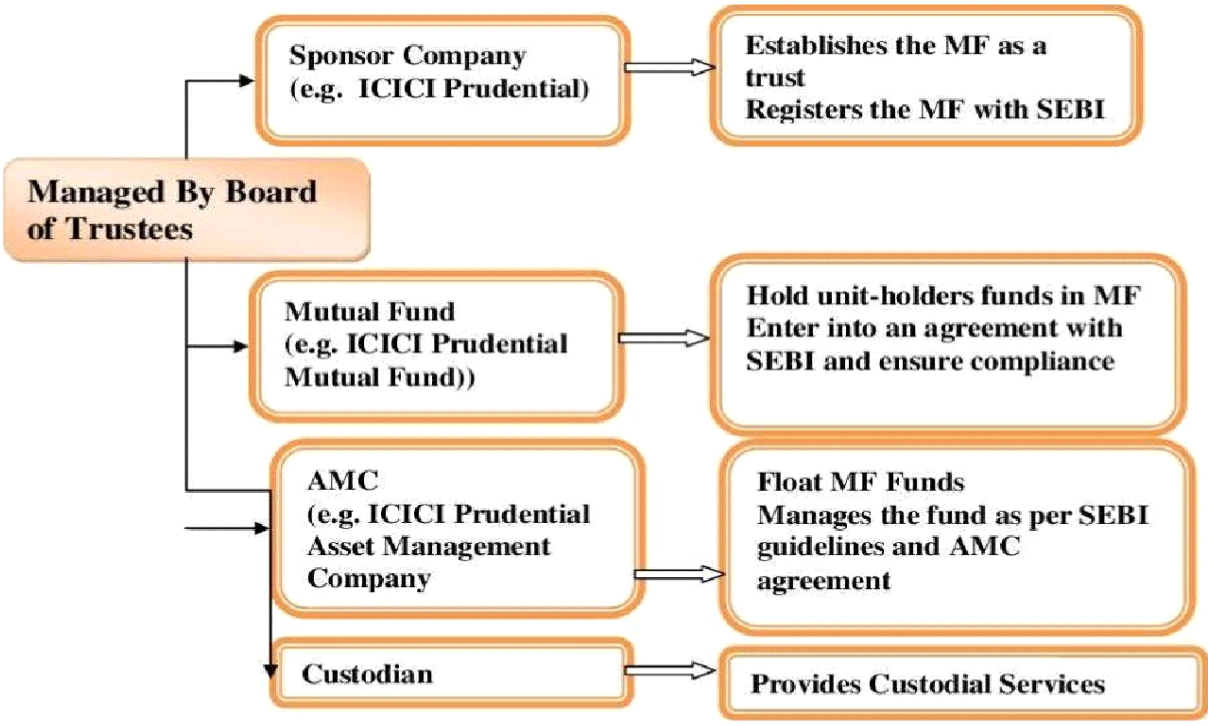


Figure 1

2.33 PRUDENTIAL CORPORATION ASIA (PCA)

Prudential is a leading life insurer that spans 15 markets in Asia, covering Cambodia, China, Hong Kong, India, Indonesia, Laos, Malaysia, Myanmar, Philippines, Korea, Singapore,

Taiwan, Thailand and Vietnam. Prudential has a robust multi-channel distribution platform providing a comprehensive range of savings, investment and protection products.

East spring Investments manages investments across Asia on behalf of a wide range of retail and institutional investors, with about half of its assets sourced from life and pension products sold by Prudential plc. It is one of the region's largest asset managers with a presence in 11 major Asian markets as well as distribution offices across North America and Europe. It has USD 248 billion in assets under management (as on December 31, 2020), managing funds across a range of asset classes including equity, fixed income, multi-asset, quantitative and alternative strategies.

2.34 JACKSON HOLDINGS LLC

Jackson is one of the largest life insurance companies in the US, providing retirement products and income strategies aimed at helping Americans pursue financial freedom for life. Jackson is also one of the top three providers of variable annuities in the US. Founded over 50 years ago, Jackson has a long and successful record of providing advisers with the products, tools and support to design effective retirement solutions for their clients.

TIE sponsor is required to contribute at least 40% of the minimum net wonh (Rs. 10 crore) of the asset management company. The board of trustees manages the MF and the sponsor executes the trust deeds in favor of the trustees. It is the job of the MF trustees to see that schemes floated and managed by the AMC appointed by the trustees are in accordance with the trust deed and SEBI guidelines.

- Mutual funds in India act as a Unit Trust.
- The structure is required to be followed by Mutual funds in India as per SEBI Regulations, 1996.
- It is constituted in the form of a Public Trust created under the Indian trust act, 1882.
- The Trustees hold the unit holders money in a fiduciary capacity i.e. the money belong to the unit holders and is entrusted to the fund foe the purpose of investment.
- The trustees do not manage the portfolio Of securities directly, for this specialist furrtion they appoint the Asset Management Company.
- The trust is executed through a document called a trust deed that is executed by the fund sponsor in favour of the trustees.
- The trust deed is required to be stamped as registered under the provisions of the Indian Registration Act and registered with SEBI.

- The role of the Asset Management Company is to act as the investment manager of the Trust and must have a net worth of at least Rs. 10 crores.

2.4 PRODUCTS & SERVICES

The AMC manages significant Assets under Management (AUM) in the Mutual Fund segment across asset classes. The AMC also caters to Portfolio Management Services and Real Estate Division for investors, spread across the country, along with International Advisory Mandates for clients across international markets.

2.41 Mutual Fund

The Mutual Fund caters primarily to retail investors.

2.42 Portfolio Management Services

The Portfolio Management Services allows high net worth investors to invest in a more concentrated portfolio aiming at higher returns. In the year 2000, ICICI Prudential AMC was the first institutional participant to offer the service, and has now got a successful track record of over 10 years.

2.43 Real Estate Business

The Real Estate division caters to high-net-worth investors and domestic institutional investors, with ICICI Prudential AMC starting the Real Estate Investment Series Portfolio in the year 2007.

2.5 MAJOR COMPETITORS

A few of the competitors for ICICI Prudential Mutual Fund in the mutual fund sector are HDFC

- Mutual Fund,
- Kotak Mutual Fund,
- Nippon India Mutual Fund,
- SBI Mutual Fund,

- Axis Mutual Fund,
- Birla Sun Life Mutual Fund, and
- UTI Mutual Fund

2.6 ICICI FUNDS

The Company manages significant Portfolio Management Services for its clients across the globe in asset classes like Debt, Real Estate, Equity. The company is an ideal mix of resource bandwidth, process orientation, and investment expertise.

The company provides SIP Calculator, Asset Allocation Tool, returns calculator, mutual fund calculator, mutual fund NAV, investment news, investment services, investment portfolio, variety of mutual funds and more on the website to invest online.

ICICI Equity Funds

MidCap Fund

Target Returns Fund

Dynamic Plan

Discovery Fund

Focused Bluechip Equity Fund

Infrastructure Fund

ICICI Prudential Tax Plan

Banking and Financial Services Fund

US Bluechip Equity Fund

ICICI Debt Funds

Multiple Yield Fund (MYF)

Flexible Income Plan

Capital Protection Oriented Fund

Regular Savings Fund

Fixed Maturity Plan (FMP)

Dynamic Bond Fund

Income Opportunities Fund

ICICI Prudential Corporate Bond Fund

ICICI Balance/Hybrid Funds

Monthly Income Plan

Child Care Plan(Study)

Balanced Fund

ICICI Exchange Traded Funds

Gold Exchange Traded Fund

ICICI Prudential SPICE Fund

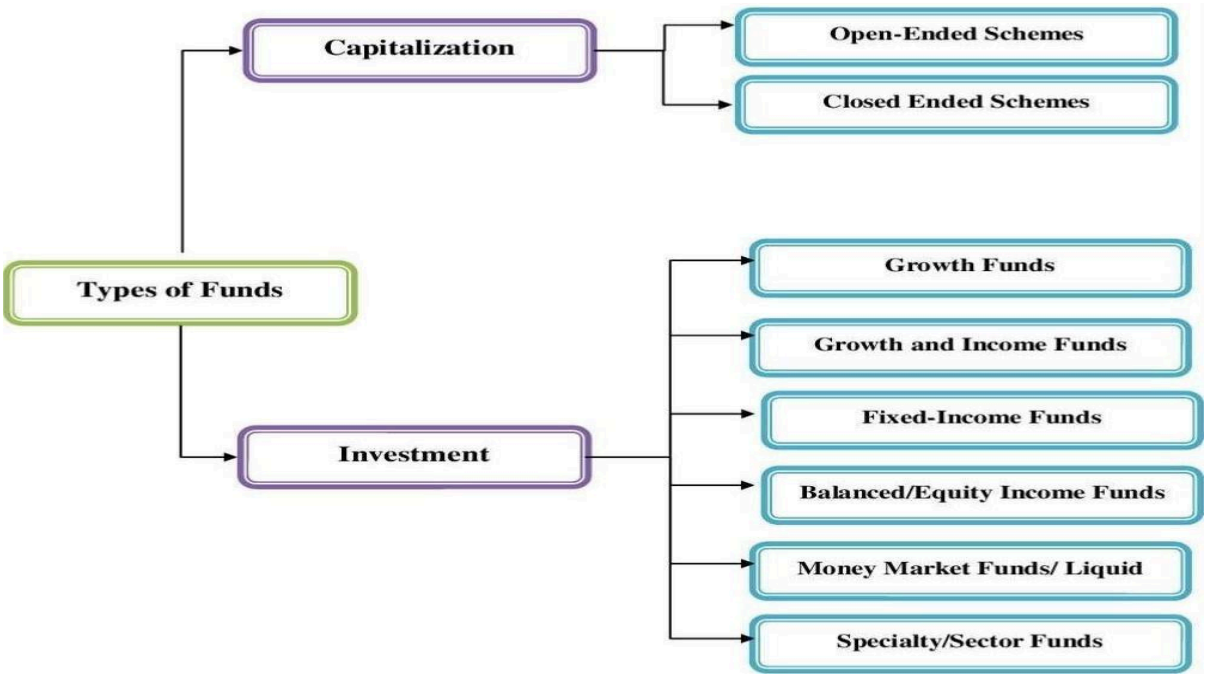


Figure 2

Scheme type			Time Horizon	Risk Profile	Typical Investment Pattern		
Objective	Open	Close			Equity	Debt %	Money Market Inst,/Others (%)
Money Market	Yes	NO	Short-Term	Low	o	0-20	so- too
Income	Yes	Yes	Medium Long Term	Low to Medium	o	80-100	0-20
Growth	Yes	Yes	Long Term	High	80-100	0-20	0-20
Balanced	YES	Yes	Long term	Medium to high	0-60	0-40	0-20
Tax Saving	Yes	Yes	Long term	High	so- 100	80-100	0-20

A summary is presented in the table below of the various funds and their investment objectives.

CHAPTER-3

INTRODUCTION TO TOPIC

3.1 MUTUAL FUND

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

3.2 HISTORY

The first introduction of a mutual fund in India occurred in 1963, when the Government of India launched Unit Trust of India (UTI). UTI enjoyed a monopoly in the Indian mutual fund market until 1987, when a host of other government-controlled Indian financial companies established their own funds, including State Bank of India, Canara Bank and by Punjab National Bank.

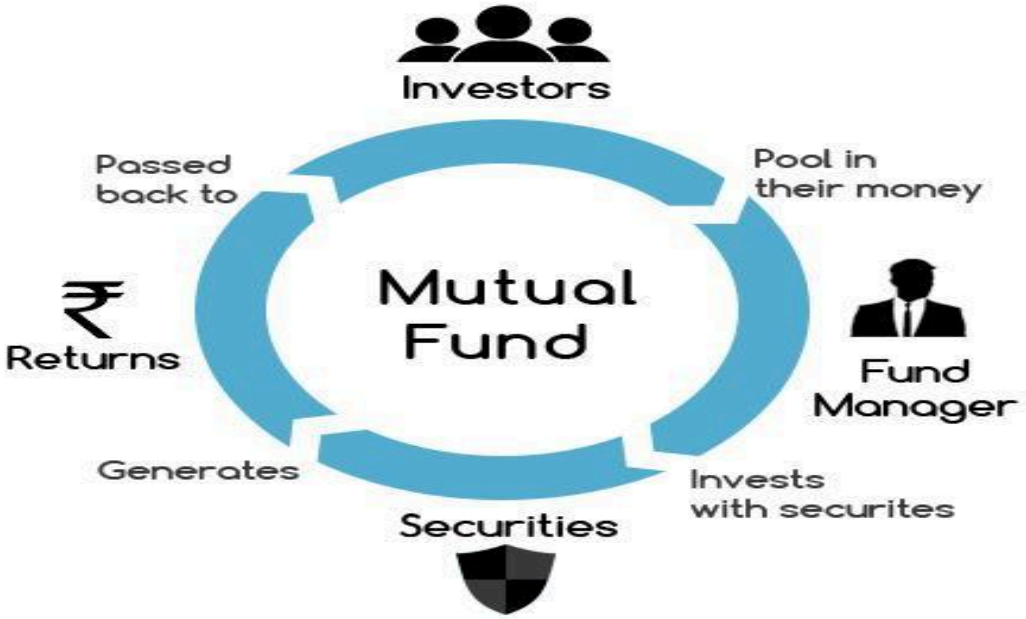


Figure 3

3.3 MARKET IN INDIA

Despite being available in the market, less than 10% of Indian households have invested in mutual funds. A recent report on Mutual Fund Investments in India published by research and

analytics firm, Boston Analytics, suggests investors are holding back from putting their money into mutual funds due to their perceived high risk and a lack of information on how mutual funds work. There are 46 Mutual Funds as of June 2013.

The primary reason for not investing appears to be correlated with city size. Among respondents with a high savings rate, close to 40% of those who live in metros and Tier I cities considered such investments to be very risky, whereas 33% of those in Tier II cities said they did not know how or where to invest in such assets.

In 2019, Asset under management (AUM) of the mutual fund industry rose by 13% to 24 trillion in 2018 by November

Mutual funds in India are distributed mainly in 2 ways:-

3.3.1 ONLINE

Customers can buy mutual funds online via the corresponding asset management company's website or via brokers. There are a number of new platforms that have come which offer direct mutual funds in their platform. Subscribers can buy mutual funds from these platforms. Direct mutual funds provide better returns, generally between. 5% to 1.5% more than their regular counterparts. This is due to the fact that brokers charges are excluded from the returns. A 1% deduction from a return of 12% from mutual funds, leads to a 8.33% lesser return to the investor, which is a huge amount.

3.3.2 OFFLINE

Most of the asset management company have an offline distribution network. These distributors mainly sell regular mutual funds which carry some commission on it. FundsIndia, NJ, Prudent, Qfund are some of the popular distributors in India.

3.4 ADVANTAGES

- Increased diversification: A fund diversifies holding many securities. This diversification decreases risk.
- Daily liquidity: In the United States, mutual fund shares can be redeemed for their net asset value within seven days, but in practice the redemption is often much quicker. This liquidity can create asset–liability mismatch which poses challenges, which in part motivated an SEC liquidity management rule in 2016.

- Professional investment management: Open-and closed-end funds hire portfolio managers to supervise the fund's investments.
- Ability to participate in investments that may be available only to larger investors. For example, individual investors often find it difficult to invest directly in foreign markets.
- Service and convenience: Funds often provide services such as check writing.
- Government oversight: Mutual funds are regulated by a governmental body
- Transparency and ease of comparison: All mutual funds are required to report the same information to investors, which makes them easier to compare to each other

3.5 DISADVANTAGES

Mutual funds have disadvantages as well, which include:

- Less control over the timing of recognition of gains
- Less predictable income
- No opportunity to customize.

3.6 TYPES OF MUTUAL FUND

1. Money market funds

These funds invest in short-term fixed income securities such as government bonds, treasury bills, bankers' acceptances, commercial paper and certificates of deposit. They are generally a safer investment, but with a lower potential return then other types of mutual funds. Canadian money market funds try to keep their net asset value (NAV) stable at $10 per security.

2. Fixed income funds

These funds buy investments that pay a fixed rate of return like government bonds, investment-grade corporate bonds and high-yield corporate bonds. They aim to have money coming into the fund on a regular basis, mostly through interest that the fund earns. High-yield corporate bond funds are generally riskier than funds that hold government and investment-grade bonds.

3. Equity funds

These funds invest in stocks. These funds aim to grow faster than money market or fixed income funds, so there is usually a higher risk that you could lose money. You can choose from different types of equity funds including those that specialize in growth stocks (which don't usually pay dividends), income funds (which hold stocks that pay large dividends), value stocks, large-cap stocks, mid-cap stocks, small-cap stocks, or combinations of these.

4. Balanced funds

These funds invest in a mix of equities and fixed income securities. They try to balance the aim of achieving higher returns against the risk of losing money. Most of these funds follow a formula to split money among the different types of investments. They tend to have more risk than fixed income funds, but less risk than pure equity funds. Aggressive funds hold more equities and fewer bonds, while conservative funds hold fewer equities relative to bonds.

5. Index funds

These funds aim to track the performance of a specific index such as the S&P/TSX Composite Index. The value of the mutual fund will go up or down as the index goes up or down. Index funds typically have lower costs than actively managed mutual funds because the portfolio manager doesn't have to do as much research or make as many investment decisions.

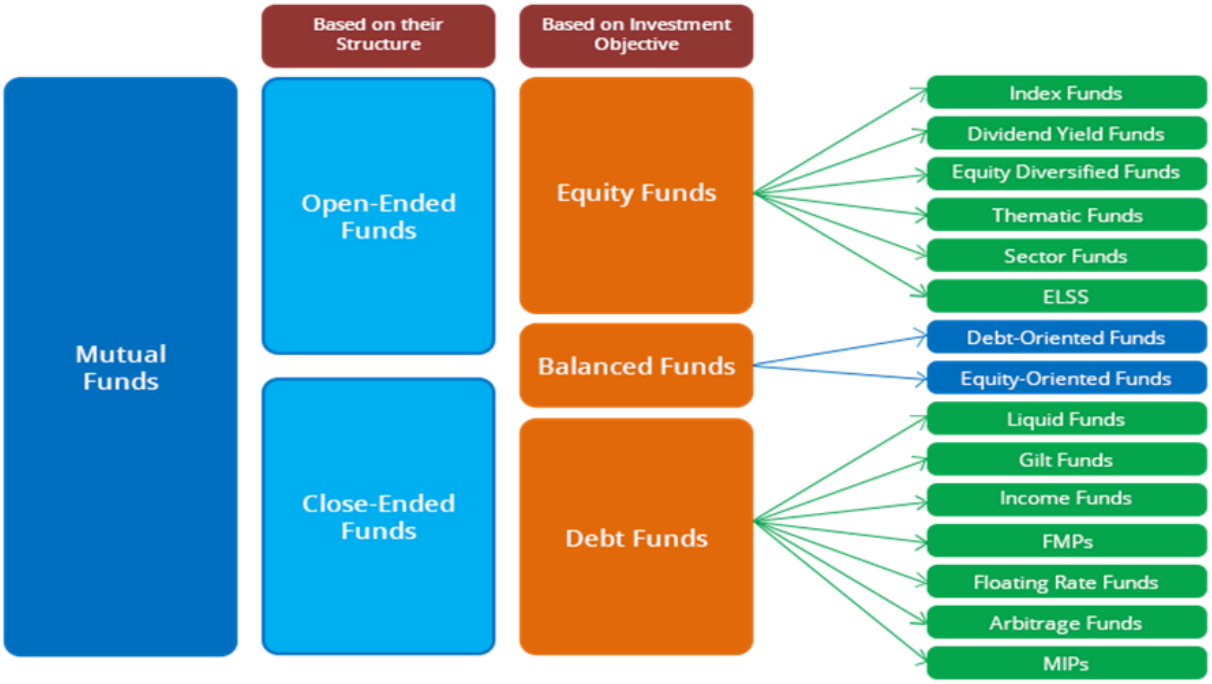


Figure 4

3.7 FUND STRUCTURE

There are three primary structures of mutual funds: open-end funds, unit investment trusts, and closed-end funds. Exchange-traded funds (ETFs) are open-end funds or unit investment trusts that trade on an exchange.

Open-end funds

Open-end mutual funds must be willing to buy back ("redeem") their shares from their investors at the [[net asset value]] (NAV) computed that day based upon the prices of the securities owned by the fund. In the United States, open-end funds must be willing to buy back shares at the end of every business day. In other jurisdictions, open-funds may only be required to buy back shares at longer intervals. For example, UCITS funds in Europe are only required to accept redemptions twice each month (though most UCITS accept redemptions daily).

Most open-end funds also sell shares to the public every business day; these shares are priced at NAV.

Open-end funds are often referred to simply as "mutual funds".

In the United States at the end of 2019, there were 7,945 open-end mutual funds with combined assets of $21.3 trillion, accounting for 83% of the U.S. industry.

Unit investment trusts

Unit investment trusts (UITs) are issued to the public only once when they are created. UITs generally have a limited life span, established at creation. Investors can redeem shares directly with the fund at any time (similar to an open-end fund) or wait to redeem them upon the trust's termination. Less commonly, they can sell their shares in the open market.

Unlike other types of mutual funds, unit investment trusts do not have a professional investment manager. Their portfolio of securities is established at the creation of the UIT.

In the United States, at the end of 2019, there were 4,571 UITs with combined assets of less than $0.1 trillion.

Closed-end funds

Closed-end funds generally issue shares to the public only once, when they are created through an initial public offering. Their shares are then listed for trading on a stock exchange. Investors who want to sell their shares must sell their shares to another investor in the market; they cannot sell their shares back to the fund. The price that investors receive for their shares may be significantly different from NAV; it may be at a "premium" to NAV (i.e., higher than NAV) or, more commonly, at a "discount" to NAV (i.e., lower than NAV).

In the United States, at the end of 2019, there were 500 closed-end mutual funds with combined assets of $0.28 trillion.

Exchange-traded funds (ETFs)

Exchange-traded funds (ETFs) combine characteristics of both closed-end funds and open-end funds. They are structured as open-end investment companies or UITs. ETFs are traded throughout the day on a stock exchange. An arbitrage mechanism is used to keep the trading price close to net asset value of the ETF holdings.

In the United States, at the end of 2019, there were 2,096 ETFs in the United States with combined assets of $4.4 trillion, accounting for 17% of the U.S. industry.

Mutual funds may be classified by their principal investments, as described in the prospectus and investment objective. The four main categories of funds are money market funds, bond or fixed-income funds, stock or equity funds, and hybrid funds. Within these categories, funds may be sub-classified by investment objective, investment approach, or specific focus.

The types of securities that a particular fund may invest in are set forth in the fund's prospectus, a legal document that describes the fund's investment objective, investment approach and permitted investments. The investment objective describes the type of income that the fund seeks.

Risk and Return of Different Mutual Funds



Figure 5

3.8 TYPES OF RISK IN MUTUAL FUNDS

In a broader sense, mutual fund risk can be categorised as – systematic risk and unsystematic risk. Here is a list of risks associated with mutual funds investment.

Volatility Risk

Typically, equity-based funds invest in the shares of companies that are listed on stock exchanges. The value of such funds is based on companies' performance, which often gets affected due to the prevalent microeconomic factors.

Such factors include – a change in government directives, SEBI regulations, economic cycle, RBI policies, etc. Notably, these factors influence the stock price and may either increase or decrease the share value.

Liquidity Risk

Mutual funds with a long-term and rigid lock-in period like ELSS often come with liquidity risk. Such a risk signifies that investor often find it challenging to redeem their investments without incurring a loss.

RISKS INVOLVED WITH DEBT MUTUAL FUNDS

Interest risk

Interest risk in mutual fund investment manifests in the form of varying interest value and haunts investors throughout the investment horizon. It is mostly rooted in the uncertainties pertaining to the capital an investor is likely to avail at the end of the investment horizon.

In other words, if the interest rate changes, the price of the debt instrument will also change. For instance, when the rate of interest increases the price of bonds decreases and in turn, the value of bonds also decreases.

Credit risk

Credit risk in mutual fund investment often results from a situation, wherein, the issuer of the scheme fails to pay the promised interest. In case of debt funds, typically, fund managers include investment-grade securities with high credit ratings.

Inflation Risk

It can be best described as the risk of losing one's purchasing power, mainly due to the rising inflation rate. Typically, investors are exposed to the impact of this risk when the rate of returns earned on investments fails to keep up with the increasing inflationary rate. For instance, if the rate of returns is 5% and the rate of inflation is 3%, then investors are left with only 2% returns.

Concentration risk

This mutual fund risk is also prevalent among investors. It can be described as the situation when investors tend to put all their money into a single investment scheme or in one sector. For instance, investing entirely in just one company's stocks often bears a substantial risk of losing capital if caught amidst bad market situations.

Currency Risk

The said risk pertains to the fear that a decrease in the exchange rate will decrease the investment returns. To elaborate, it is believed that when the value of foreign currency-denominated funds increases, it will result in a decrease in foreign currency. It will directly lower the rate of returns when exchanged into INR.

Rebalancing risk

Mutual fund investments are rebalanced frequently by the fund managers and are closely monitored. However, regular reinvestments are often accompanied by the risk of losing out on growth opportunities in their investments.

Types of Risks	Mitigation Tip
Volatility risk	Selecting a diversified portfolio comprising funds schemes with low to moderate risks will help tackle market volatility.
Credit risk	Invest in high credit-rated securities with a track of paying substantial and timely interest.
Liquidity risk	Investing in a diversified portfolio which comprises funds schemes with moderate to high liquidity will prove useful—for instance, liquidity funds.
Concentrated risk	Instead of investing in one asset class or investment sector, investors can put their money into diverse asset classes and sectors.
Inflation risk	Parking money into schemes like stock mutual funds, which extend risk-adjusted returns, will help combat inflationary effects.

TOP ICICI PRUDENTIAL MUTUAL FUNDS 2022.

Fund	NAV	Net Assets (Cr)	Min Investment	Min SIP Investment	3 MO (%)	6 MO (%)	1 YR (%)	3 YR (%)	5 YR (%)	2021 (%)
ICICI Prudential MIP 25 Growth	₹55.1004 ↑ 0.04	₹3,246	5,000	100	-1.4	-0.4	5.2	8.4	7.7	9.9
ICICI Prudential Long Term Plan Growth	₹29.065 ↑ 0.04	₹5,802	5,000	100	-0.4	0.1	2.3	7	6.5	4.3
ICICI Prudential Nifty Next 50 Index Fund Growth	₹32.5011 ↑ 0.35	₹2,090	5,000	100	-11.6	-12.4	-4.2	10.2	7	29.5
ICICI Prudential Banking and Financial Services Fund Growth	₹75.52 ↑ 0.70	₹4,885	5,000	100	-8.3	-7.1	-5.7	3.1	6	23.5
ICICI Prudential Equity and Debt Fund Growth	₹213.06 ↓ -1.59	₹19,096	5,000	100	-6.8	-1.4	14.1	15.8	12.6	41.7
ICICI Prudential Bluechip Fund Growth	₹60.33 ↓ -0.13	₹30,956	5,000	100	-8.9	-7.5	4.5	11.6	11	29.2
ICICI Prudential Money Market Fund Growth	₹306.55 ↑ 0.08	₹11,457	500	100	0.8	1.8	3.6	5.1	6.1	3.7
ICICI Prudential Liquid Fund Growth	₹316.224 ↑ 0.05	₹40,309	500	99	1	1.9	3.5	4.1	5.3	3.2
ICICI Prudential Equity Arbitrage Fund Growth	₹28.0762 ↓ -0.03	₹14,410	5,000	1,000	0.8	1.7	3.5	4.2	4.9	3.9
ICICI Prudential Banking and PSU Debt Fund Growth	₹26.1622 ↑ 0.01	₹10,344	5,000	100	0.1	0.7	3.2	6.4	6.3	4.2

Figure 6

Pointers for risk, return and evaluation of MUTUAL FUNDS

MEASURES	DESCRIPTION	IDEAL RANGE
STANDARD DEVIATION	Standard Deviation allows to evaluate the volatility of the fund. The standard deviation of a fund measures this risk by measuring the degree to which the fund fluctuates in relation to its mean return.	Should be near to it's mean return.

BETA	Beta is a fairly commonly used measure of risk. It basically indicates the level of volatility associated with the fund as compared to the benchmark.	Beta > 1 = high risky Beta = 1 = Avg Beta <1 = Low Risky
R-SQUARE	R- square measures the correlation of a fund's movement to that of an index. R-squared describes the level of association between the fund's volatility and market risk.	R-squared values range between 0 and 1, where 0 represents no correlation and 1 represents full correlation.
ALPHA	Alpha is the difference between the returns one would expect from a fund, given its beta, and the return it actually produces. It also measures the unsystematic risk	Alpha is positive = returns of stock are better then market returns. Alpha is negative = returns of stock are worst then market. Alpha is zero = returns are same as market.
SHARPE RATIO	Sharpe Ratio= Fund return in excess of risk free return/ Standard deviation of Fund. Sharpe ratios are ideal for comparing funds that have a mixed asset classes.	The higher the Sharpe ratio, the better a funds returns relative to the amount of risk taken.

3.9 MANAGING MUTUAL FUND RISK

1. Diversification

Diversification is the key to mitigating risk while investing. Mutual funds do offer diversification and hence, they have become a sought-after investment avenue these days. But the nature of diversification differs from scheme to scheme and from amongst the plethora of schemes available in the market, well-diversified ones, with optimum allocation to equity and debt depending on your age, investment time horizon, and risk profile offer the best scope for diversification.

2. Avoid Overlapping of Schemes

Sometimes while choosing schemes, there could be an overlap of themes or sectors, although the investments are channelled through different fund houses. This overlap results in a concentration which could make the portfolio lose out on opportunities in other sectors or themes and categories which could have added value.

3. Systematic Transfer Plan (STP) for Lump Sum Investment

STP is a mode of investment in which an investor can transfer funds from one scheme to another. Periodically, a fixed amount is transferred into a scheme, usually from a debt fund to an equity fund, to mitigate the volatility in the equity markets.

The staggered transfer of a lump sum amount from one scheme to the other is suggested as it delivers rupee cost averaging. When markets are high there is scepticism about an impending market correction, so in order to avoid locking all your funds into the investment at a peak or near peak rate, you could invest over a period of, say, six to nine months.

4. Periodic Monitoring and Reviewing

A periodic review and monitoring of investments is helpful in keeping a track of your portfolio's performance and progress towards your financial goal. In reviewing the process, you weed out the laggard schemes, which are not performing well consistently and replace them with new ones. However, it is very important to compare the performance of a portfolio only to a benchmark, to decide whether any change is required. Also, one needs to be mindful of the taxation and other implications on the switch.

5. Consult an Investment Advisor

Investing has become quite easy nowadays; it can be undertaken with a click of a button due to multiple fintech apps available in the market. However, there is a vast ocean of financial knowledge readily available, which can lead to confusion. This makes appropriate investing obscure, especially for novice investors.

Most investors are not really aware about the goal based financial planning and investing even after extensive research they land up with ad-hoc investments by following some random tips from friends and family or the media, which could actually cost them dearly.

6. Safeguard Your Investment Once You Achieve Your Goal

If a corpus required for your financial goals is achieved earlier than expected, you can shift your investments to a more conservative product. So, for instance, if you have aggressively invested in equity and you have achieved your goal, you can move the risk level down a notch or two, depending on the time horizon remaining. In this way you can safeguard the capital which you amassed by investing in equity.

7. Invest Through Systematic Investment Plans (SIPs)

SIPs is a mode of investment in which you can invest a fixed amount at regular rests (generally monthly), in much the same way as you would invest in a recurring deposit. But the major difference is that with each instalment, you get units of the fund, equivalent in value to the fixed amount that you invest, based on the prevailing net asset value (NAV).

8. Have Adequate Liquidity in Your Portfolio to Deal with Emergencies

We are generally aware of the financial risks of investing. But there are some non-financial risks that impact the performance of our portfolios too. Let's consider a situation wherein you face an emergency which requires you to pay out a relatively large lump sum at short notice.

Suppose your funds are all locked into mutual fund products which are enroute to delivering good gains over longer time frames, you would lose those potential returns by breaking your investments mid-way, to meet the emergency.

CHAPTER-4

REVIEW OF LITERATURE

4.1 REVIEW OF LITERATURE

Author and Year	Topic	Objectives	Methodology	Findings
1 Mane, P (2016)	A Study of Investors Perception towards Mutual Funds in the City of Aurangabad	To know investor view towards Mutual fund To know the awareness of mutual fund in Aurangabad people To know the preference of people for investment	Source : Primary data Sample Size: 30 Tools : Chi Square	Most of the people are hesitant in going for new age investments like mutual funds. People prefer less riskier investment
2 Shukla, S. (2015)	A comparative performance evolution of selected mutual funds	To study the performance of selected mutual funds schemes under different 5 categories To examine the return from the above selected mutual funds	Source: Secondary data Tools: Standard deviation, Beta, Alpha, R squared, Sharpe ratio	All the funds are having positive correlation with Nifty.
3 Rathnamani, v. (2013)	Investor's Preferences towards Mutual Fund Industry in Trichy	To analyze to what extend the mutual fund is effective as an investment mode to the investors. To study the growth of mutual fund industry in India. To find preference of investors about different investment avenue To find out which factors	Size 100 respondents Method: Convenient Source: Primary data Secondary data. Tools : Chi-square test, Pearson Correlation, Cross tabulation	Investors prefer high return at low level of risk, safety liquidity. Investors are willing to take moderate and low level risk.

		attracts investors to invest in mutual fund		
Author and Year	**Topic**	**Objectives**	**Methodology**	**Findings**
4 Vanaja, V., Karrupasamy, R (2013)	A Study On The Performance Of Selected Large Cap And Small & Mid Cap Mutual Fund Schemes In India	To evaluate the performance of different mutual fund schemes on the basis of returns and comparison with their bench marks. To appraise the performance of different category of funds using risk adjusted measures as suggested by Sharpe, Treynor and Jensen.	Source: Secondary data	Large cap schemes outperformed the category averaged and the bench mark indices.
5 Zaheeruddin, M., Sivakumar, P. Reddy, S. (2013)	Performance evaluation of mutual funds in India with special reference to selected financial intermediaries	To investigate the financial performance of the mutual funds with the various tools. To compare HDFC, Birla sun life and ICICI equity performance with the S&P CNX Nifty Index, to give rankings of mutual funds.	Tools: Standard deviation , Beta, covariance, Sharpe's ratio ,Treynor's ratio	For Indian small investors mutual funds are best investment option.
6 Revathy, S. Santhi< V. (2013)	A Study on Performance Evaluation of Selected Banks Equity Mutual Funds	To find out the performance of equity mutual funds in selected banks and select suitables. To analyze the risk and return of selected banks in	Source: Secondary data Tools : Sharpe's Performance Index, Treynor Performance index, Standard Deviation	HDFC fund has outperformed The benchmark from sundram growth funds.

		equity mutual funds. 🌍 To compare the performance among the selected banks in equity mutual funds.		
Author and Year	**Topic**	**Objectives**	**Methodology**	**Findings**
7 Agrawal, G., Jain, M. (2013)	Investor's preference towards mutual fund in comparison to other investment avenues	🌍 To find out the most preferred Investment Avenue of the investors of Mathura. 🌍 To find the main bases of different investment avenues, an investor thinks before investing. 🌍 To find out the overall criterion of investors regarding investment.	Size: 300 Investors. Source: Primary Data Method: Snowball Sampling	🌍 Maximum investors are aware about Banks & LIC investment avenues only. 🌍 Return is the main criterion of investors regarding their investments.
8 Burlakan, K. Chiruvoori, R.V. (2013)	Performance evaluation of select equity funds in India	🌍 To analyze Risk and Returns of select equity funds 🌍 To evaluate equity funds and suggest investors about outperforming funds	Data: Secondary data Tools: Average Growth Rate , Compounded Annual Growth Rate , Standard Deviation, Beta, Sharpe Index model, Treynor model.	🌍 Mutual funds are best option for small investors
9 Prajapati, K.P., Patel, M.K. (2012	Comparative study on performance evaluation of mutual fund	🌍 To evaluate and compare the performance of equity diversified mutual fund	Source: Secondary data Tools: Beta, Standard Deviation,	🌍 Most of the mutual fund has given positive return during 2007 to 2011.

	schemes of Indian companies	schemes of selected companies To compare the performance of equity diversified mutual fund schemes of selected companies vis-à-vis the market	Sharpe's Index, Treynor, Jensen's absolute measure, Fama's measure	HDFC and Reliance mutual fund have performed well as compared to the Sensex return
Author and Year	**Topic**	**Objectives**	**Methodology**	**Findings**
10 Kumar, V. (2011)	Performance evaluation of open ended schemes of mutual funds	To examine the funds sensitivity to the market fluctuation in the terms of Beta. To appraise the performance of mutual funds with regard to risk-return adjustment, the model suggested by Sharp, Treynore and Jensen	Tools: return, standard deviation, coefficient of determination , Beta, Sharpe ratio, Treynor ratio, and Jenson's measures.	Future of Mutual Funds in India has lot of positive things. Competition between private and public players is increasing.
11 Ali, S.I.N. (2008)	An empirical study on Indian mutual funds equity diversified growth schemes" and their performance evaluation	To gain practical insight into application of Sharpe's, Treynor's & Jenson's ratios. To understand the interdependence of funds & Index (BSE 200) To evaluate the Performance & rank/rate the funds on the basis of aforesaid ratios.	Data collection- Secondary data Sampling technique- Judgment sampling Sample size- 13 India mutual fund	Mutual fund is a unique financial instrument for beginners. Private financial player's Indian economy has excelled with positive note.
12 Anand, S. Murugaiah, V. (2003)	Analysis of components of investment performance – an empirical study	To examine the degree of correlation that exists between fund and market	Data Source: Secondary data	Market risk and market return factors have shown closer

	of mutual funds in India	return To understand the impact of fund specific characteristics on performance To evaluate the diversification and selectivity skills of fund mangers		correlation with the fund return. Mutual funds were not able to compensate the investors for the additional risk that they have taken by investing in the mutual funds

CHAPTER-5

RESEARCH METHODOLOGY

5.1 RESEARCH METHODOLOGY

A Market Research was performed a detailed study on mutual funds including: types and structure, risk and return analysis, advantages and disadvantages, competitor comparison, and investment tips to improve returns. It was done to find out more about ICICI Prudential mutual funds along with the investment pattern and behaviour of the people i.e. how much they invest, what the reason behind their investment, and where they invest.

5.2 OBJECTIVE

- To study the concept and working of mutual funds.
- To study different risk and return measurement techniques for mutual funds.
- To know the investment pattern of investor in mutual funds
- An attempt has been made to measure various variable's playing in the minds of investors in terms of safety, liquidity, service, returns, and tax saving.

5.3 SCOPE OF THE STUDY

A large number of new players have entered in the market and trying to gain market share in this rapidly improving market. My study was mainly concentrated on detailed study on mutual funds, selection of mutual funds and investment patterns of investors for ICICI Prudential Mutual Funds.

The research was carried in Kangra city. I visited some branches of ICICI where I surveyed my project report "TO STUDY INVESTMENT PATTREN OF INVESTMENTS TOWARDS OF MUTUAL FUNDS" CASE STUDY- ICICI Prudential Mutual Funds.

The study helped to know the interest and preferences of the customer, regarding portfolio, mode of investment, option, getting return they prefer.

5.4 NEED OF THE STUDY

The need of the study was to track out various aspects of mutual funds, working and concept, investor's preferences, priorities, and their awareness towards ICICI mutual funds schemes along with their investment patterns. Also studying the use of risk, return and performance

techniques for selection and evaluation of ICICI Mutual Funds. Keeping in view the various constraints the scope of the study is only limited to the investors of Kangra.

5.5 DATA COLLECTION

5.5.1 Primary research:

Primary research (also called field research) involves the collection of data that does not already exist. This can be through numerous forms, including questionnaires and telephone interviews amongst others. This information may be collected in things like questionnaires, magazines, and Interviews

5.5.2 Secondary research:

Secondary research involves the summary, collection and/or synthesis of existing research rather than primary research, where data is collected from, for example, research subjects or experiments.

5.6 SAMPLE DESIGN

5.6.1 SAMPLE SIZE

A sample of minimum respondents will be selected from the different branches of ICICI AMC and area of Kangra. (200 respondents.)

5.6.2 SAMPLING TECHNIQUE

For the purpose of research convenience sampling technique and judgmental sampling technique would be used. On the basis of convenience and own judgmental eligible respondents were selected from the different branches of ICICI Mutual funds and area of Kangra**.**

5.7 STATEMENT OF THE PROBLEM

Savings are excess of income over expenditure for any economic unit. Savings flows into investment for a return but savings kept as cash are non-productive and do not earn anything. Savings are invested in assets depending on their risk and return perception of investors like return but at the same time they dislike risks making an investment a difficult art which people lacks. There are different investment methods. Mutual funds are one among them. An investment program funded by shareholders that trade in diversified holdings and is professionally managed. The mutual fund companies appoint efficient and professional fund managers but the selection for the scheme lies in the hands of the investors himself. It requires adequate skills here comes role of financial firms.

This study analysis various mutual funds schemes and it will help to evaluate which scheme is better. Few research questions in this respect are:

1. How well have mutual funds performed in terms of returns and risk during the given period? If the mutual funds have completely over performed the market?
2. How the mutual funds are performing in different schemes?
3. To access the expectation level of the mutual funds. Why people in India investing in mutual funds & what are is their attitude towards this type of investment?
4. If the investors are happy with the performance?
5. What is the impact of regulatory norms on mutual funds and are the norms being followed? Is the present type of fund execution data spread sufficient?

5.8 RESEARCH GAP

The study done here has few gaps which are to be filled up and studied further whereas several more factors could be studied.

1. Analysis of performance and comparison of mutual funds in India, in terms of growth, size and volume has to be provided to build up a strong study.
2. A degree of correlation is very important between funds and market return and the impact of funds specific characteristic on the fund performance.
3. This correlation has to be developed so as to have a better idea on how one parameter can affect the other.

4. Evaluation of ratios performance and ranks has to be focused more on the basis of foreside ratios so as to get a better understanding of interdependence among funds and index.
5. Lack study of small investors' purchase behaviour in India as it does not hold a high level of rationality due to the influence of multiple purchase factors.
6. The study revealed that a significant gap exists between the expectation and perceived experience of the retail investors of the mutual fund.

5.8 TOOLS OF PRESENTATION AND ANALYSIS

TOOLS OF ANALYSIS

In the given research tools for analysis percentages and chi square test have been used.

TOOLS OF PRESENTATION

It means all the tools used to present the data in a meaningful way so that it becomes easily understandable. In this research data was represented by figures and charts. Bar graphs and Pie charts were used to present the data.

5.9 LIMITATION OF STUDY

- A study is only limited to one region and limited time period.
- A study is only limited to 200 investors of ICICI.
- A result is based on primary and secondary data that has its own limitation
- Some of people are not so responsive,
- Possibility of error in data collection and analysis of data due to small sample size.

CHAPTER-6

DATA ANALYSIS AND INTERPRETATIONS

6.1 Age of the Investors

Responses	Respondents	Percentage
Below 30	154	77%
30-40	38	19%
40-60	6	3%
Above 60	2	1%
Total	200	100%

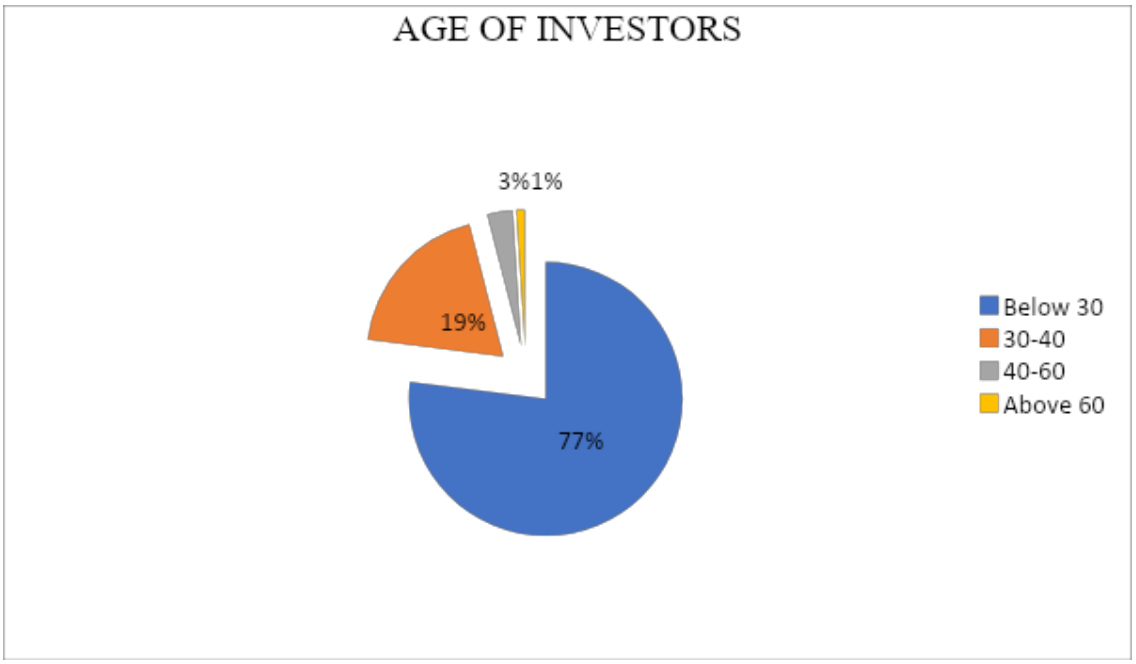


Chart 1

INTERPRETATION

In the above graph I found out that age group of below 30 are highest investors in mutual funds with 77% whereas above 40 age group are the lowest with just 4% of investment.

6.2 Investor Qualification?

Responses	Respondents	Percentage
Under Graduate	24	12%
Graduate/PG	152	76%
Other	24	12%
Total	200	100%

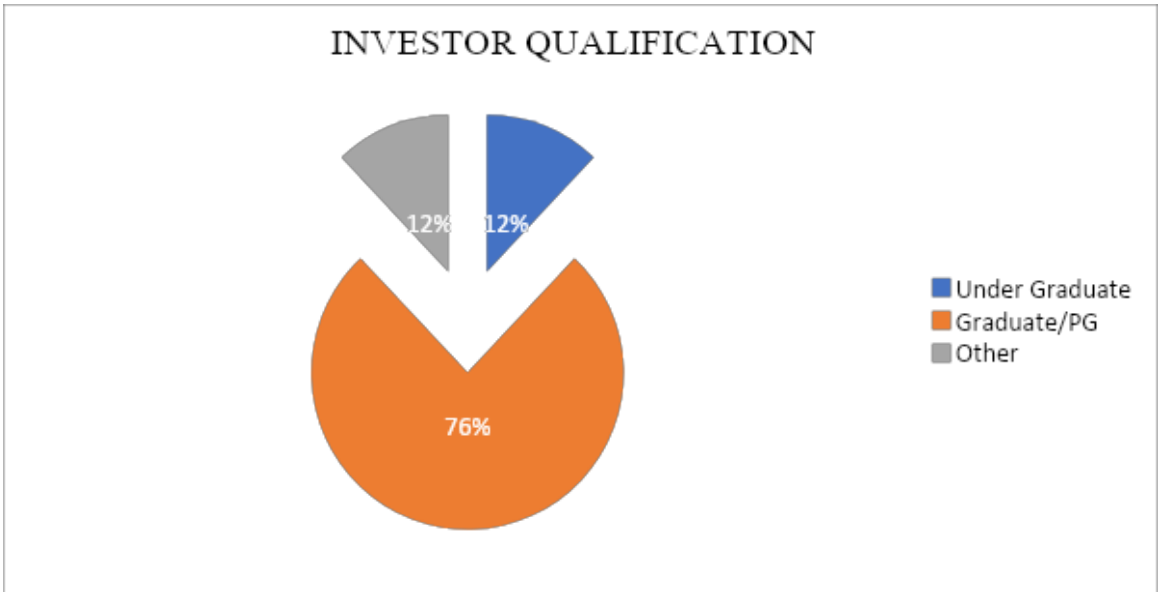


Chart 2

INTERPRETATION

In the above graph I get to know that graduate and PG qualifiers are the highest investors and whereas under graduate and another category have the same amount with 12% each.

6.3 Occupation of investor?

Responses	Respondents	Percentage
Government Sector	36	18%
Private Sector	60	30%
Business	80	40%
Other	24	12%
Total	200	100%

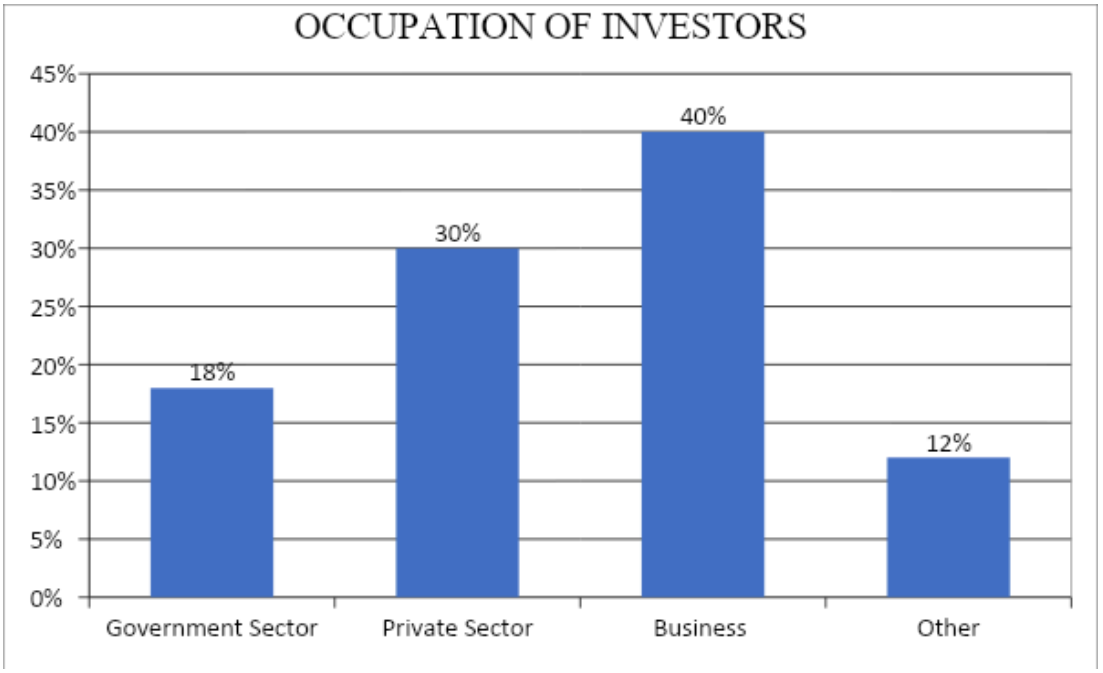


Chart 3

INTERPRETATION

In the above graph out of 200 investors people who have business are investing highest in the mutual fund with 40% following by the private sector and government sector with 30% and 18%.

6.4 Income Distribution of the investors?

Responses	Respondents	Percentage
Below 1 Lac	22	11%
1 Lac To 5 Lac	52	26%
5 Lac To 10 Lac	112	56%
Above 10 Lac	14	7%
Total	200	100%

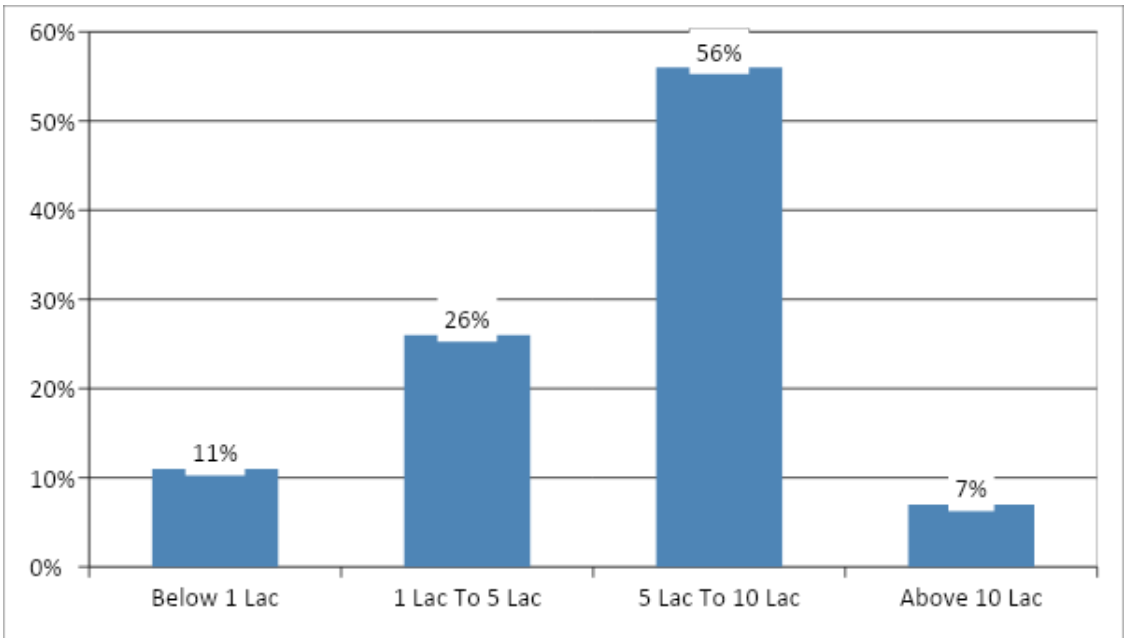


Chart 4

INTERPRETATION

In the above table, people below 1 Lac income are 11%, 1 Lac to 5 Lac 26%, 5 Lac to 10 Lac 56% which is highest and lowest is above 10 Lac with 7%.

6.5 Why invested in ICICI mutual fund?

Responses	Totally	Slightly	Partially	Rarely	Never	Total
Brand Name	56	54	50	40	0	200
Return Factor	96	64	34	6	0	200
Scheme/Fund Factor	102	78	12	8	0	200
Safety and Security	94	90	10	6	0	200
Peer Pressure	14	16	26	58	86	200

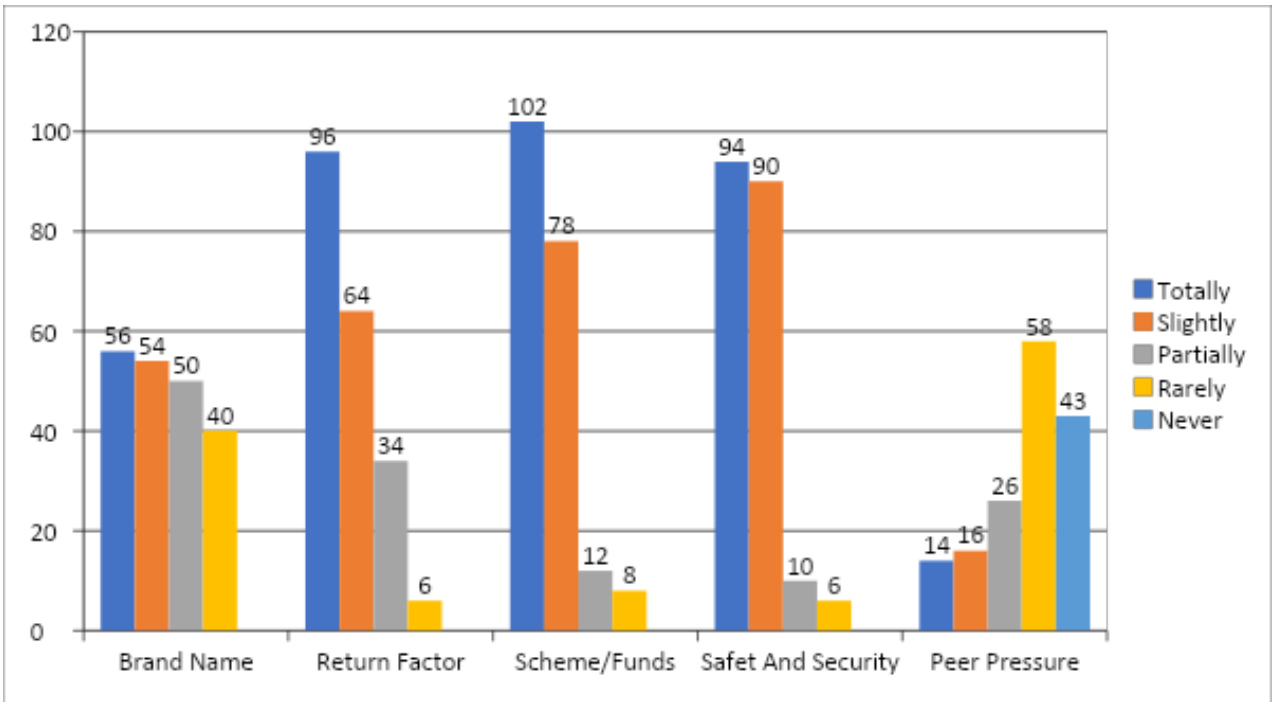


Chart 5

INTERPRETATION

In the above graph people are more influence to invest in ICICI mutual funds because of schemes and funds and due to brand name.

6.6 Which types of investment plan you preferred?

Responses	Respondents	Percentage
One Time Investment	82	41%
Systematic Investment Plan (SIP)	118	59%
Total	200	100%

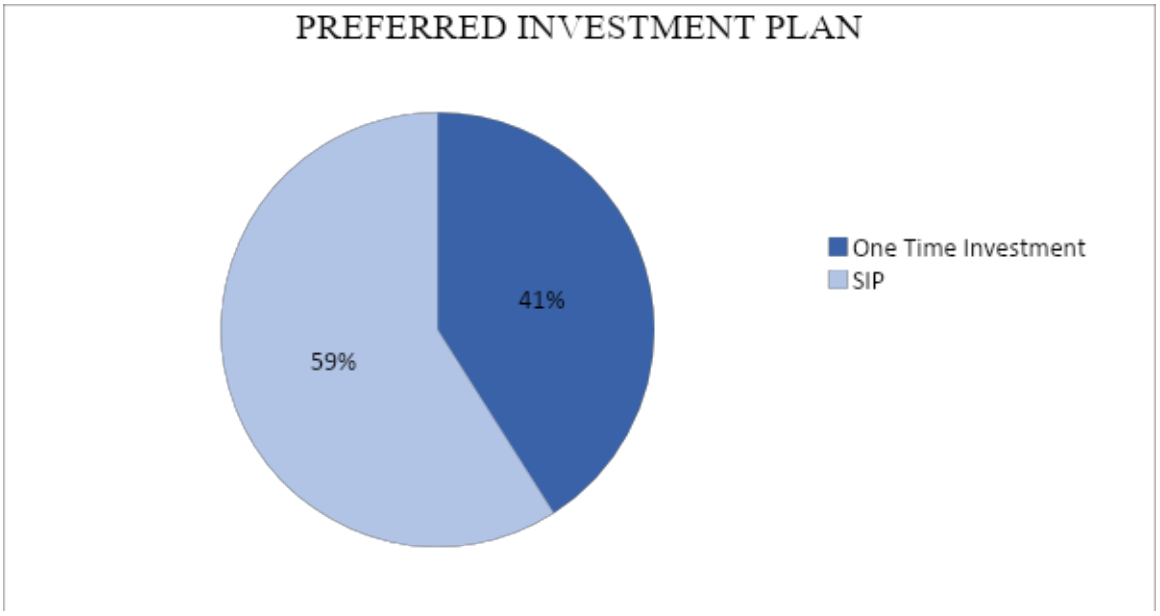


Chart 6

INTERPRETATION

In the above pie chart we can analyse that investors prefer SIP investment more over the one time investment with 59% out of 200.

6.7 Which channel will you prefer while investing in mutual fund?

Responses	Respondents	Percentage
Online	142	71%
Offline	58	29%
Total	200	100%

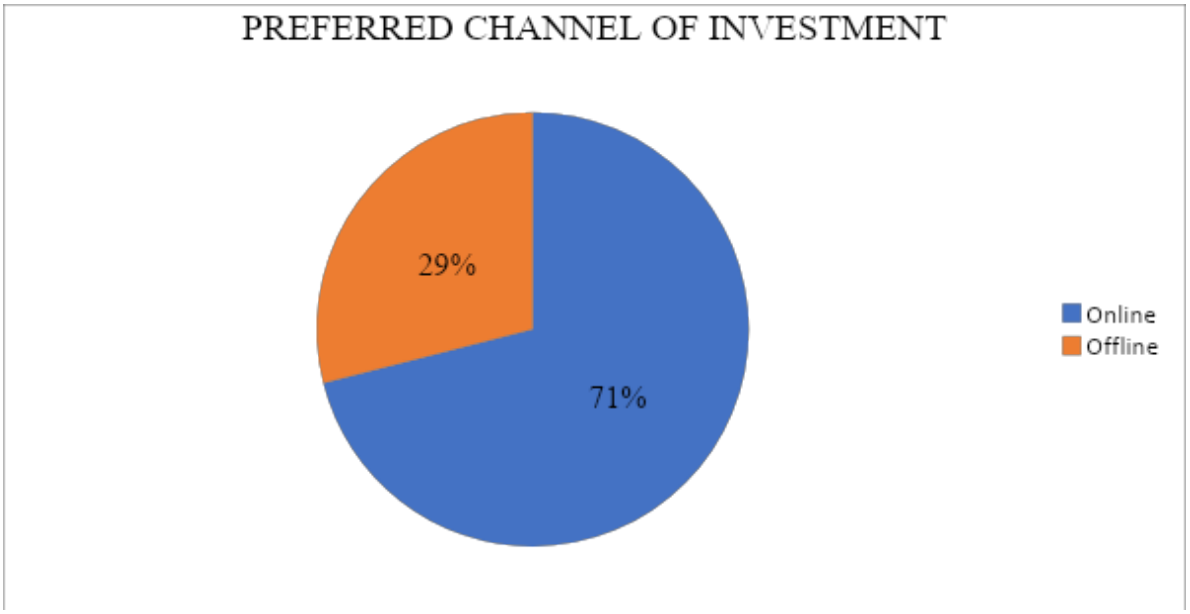


Chart 7

INTERPRETATION

In the above graph out of 200 investors 71% preferred or used an online platform to invest in mutual funds whereas only 29% use offline mode.

6.8 Which mode of investment?

Responses	Respondents	Percentage
Bank	36	18%
Financial Advisor	10	5%
Asset Management Company AMC	94	47%
Self-Exploration	60	30%
Total	200	100%

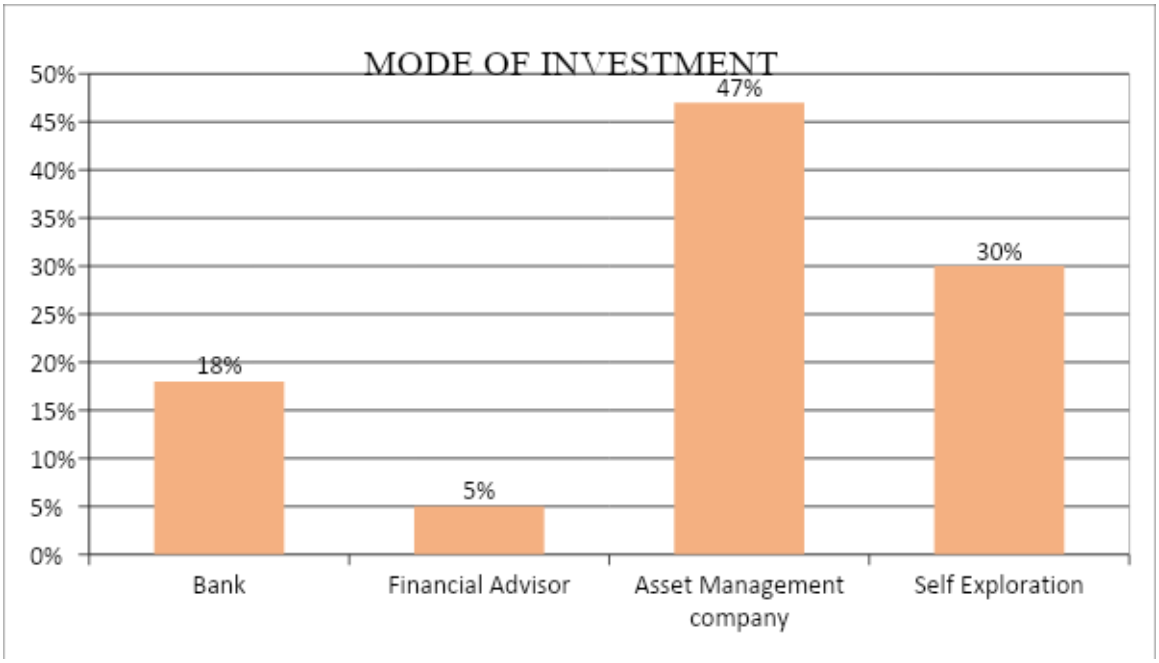


Chart 8

INTERPRETATION

In the above graph we can analyse that investor prefer AMC as the most valuable mode to invest in mutual fund and least by the financial advisor may be because of commission fees by them.

6.9 Time duration preferred for investment?

Responses	Respondents	Percentage
Long Term (10-15 Years)	60	30%
Mid Term (5-10 Years)	84	42%
Short Term (1-5 Years)	56	28%
Total	200	100%

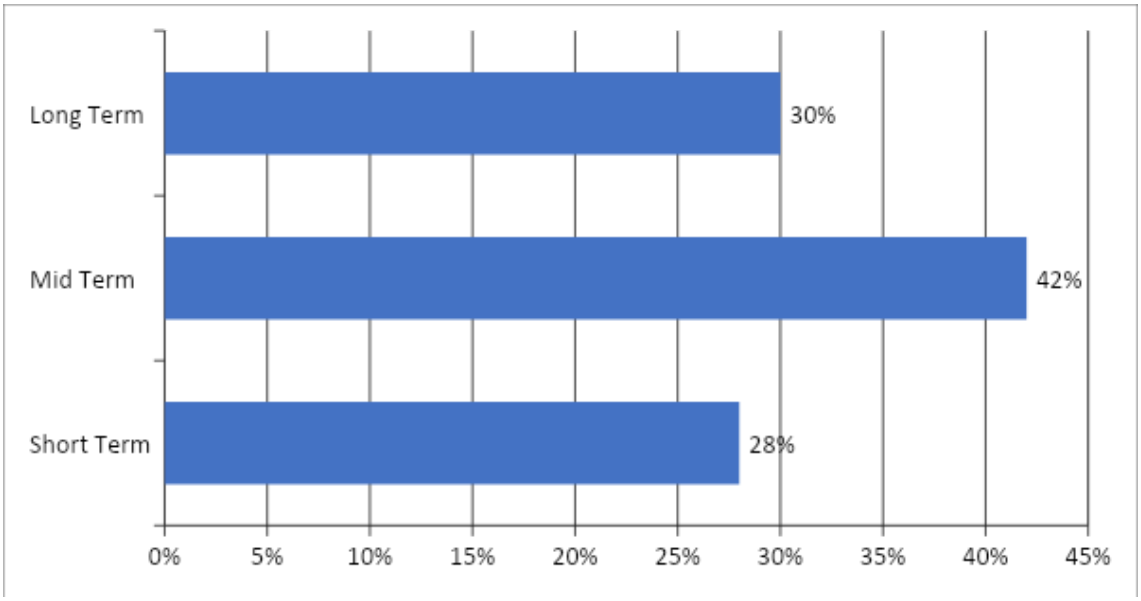


Chart 9

INTERPRETATION

In the above graph investors are likely to prefer midterm investment with 42% and long term with 30% and the lowest is short term with 28%.

6.10 Do you prefer investment in Mutual Funds as an avenue for Savings for Wealth creation?

Responses	Respondents	Percentage
YES	124	62%
NO	76	38%
Total	200	100%

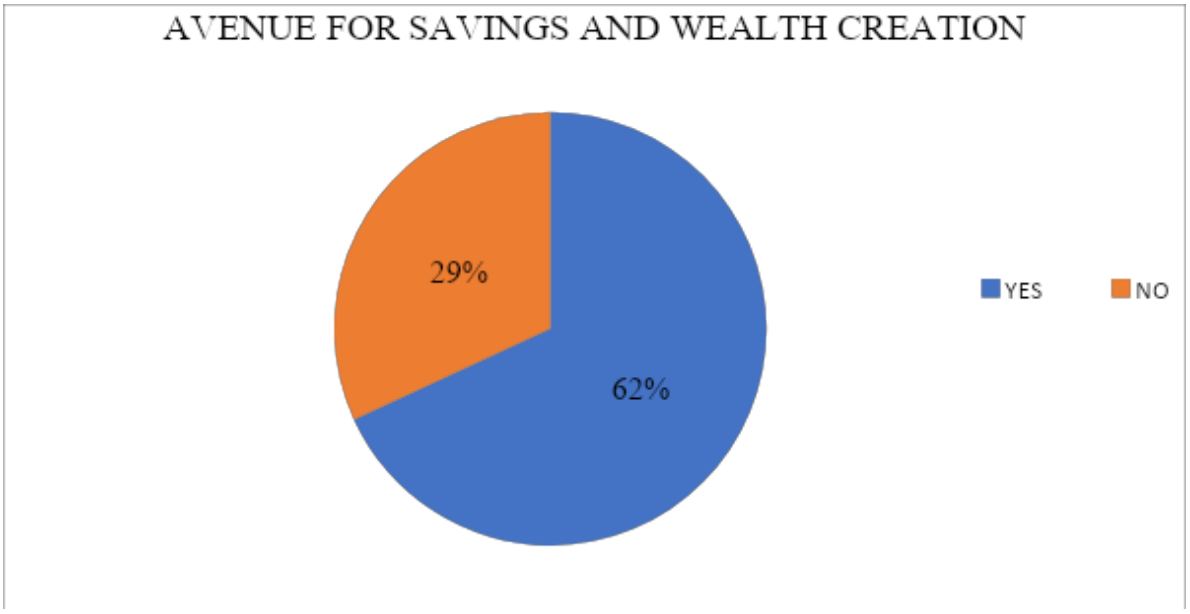


Chart 10

INTERPRETATION

In the above graph out of 200 investors 62% preferred or used an online platform to invest in mutual funds whereas only 38% use offline mode.

6.11. Which of the following factors would influence you most in taking an investment decision in selecting mutual funds?

Financial assets	**Highly Favourable**	**Favourable**	**Somewhat favourable**	**Not very favourable**	**Not at all favourable**
a) **Safety of capital**	90	82	28	0	0
b) **Liquidity**	94	90	10	6	0
c) **Flexibility**	98	78	12	8	4
d) **Return**	28	110	62	0	0
e) **Capital appreciation**	40	60	70	20	10
g) **Tax Benefit**	80	100	20	0	0
I)**Reputation of sponsor**	56	54	50	40	0

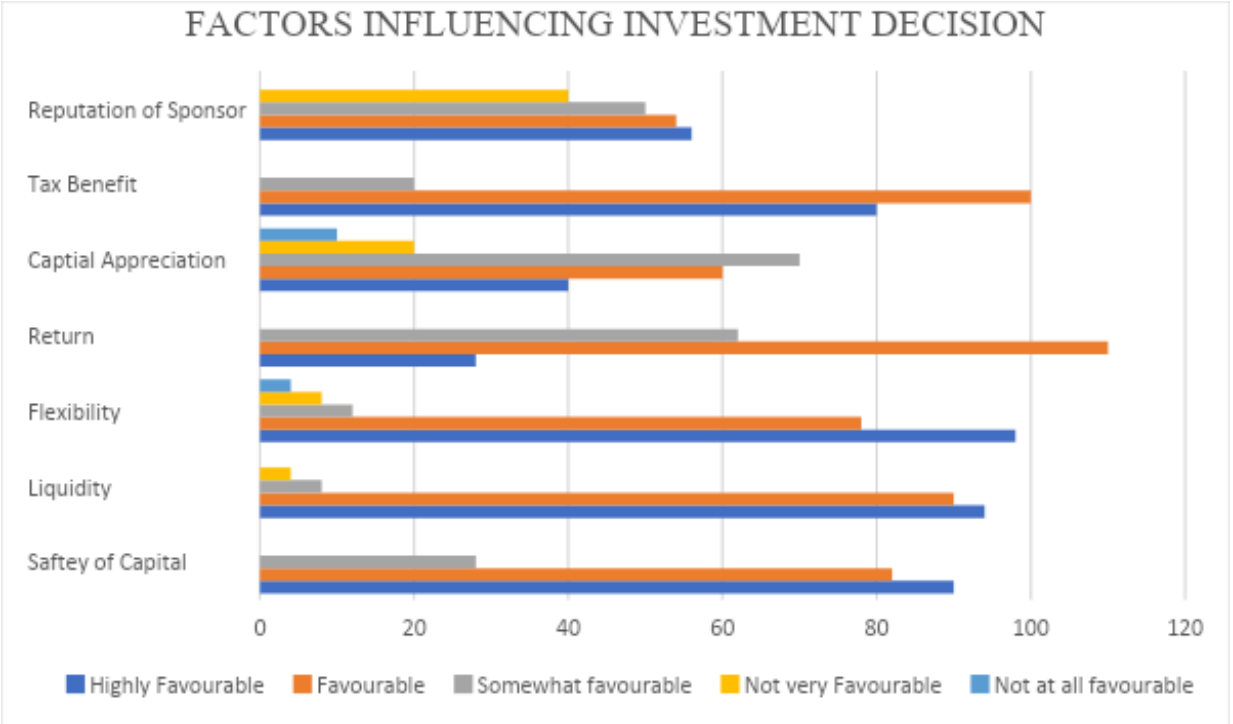


Chart 11

INTERPRETATION

In the above table being taken highest in each factor we can analyse that most of the investors think returns as a favourable factor that influences selection of mutual funds whereas tax benefits, flexibility and other factors also are in the favourable side.

- **Return Factor as A Selection parameter for Investment**

Particular	Highly Favourable	Favourable	Somewhat favourable	Not very favourable	Not at all favourable
Return	28	110	62	0	0

Step 1: Setting Hypothesis

H0: There is no strong relationship between the return factor from mutual funds and return as a selection parameter for investment.

H1: There is a strong relationship between the return factor from mutual funds and return as a selection parameter for investment.

Step 2: To Find Expected Value

Expected Value= Total Amount of Respondent/Number of Particular

200/5=40

Step 3: Calculation of Chi Square Value

Computation Table for Chi Square

Particulars	O	E	(O-E)	$(O-E)^2$	$(O-E)^2$ /40
Highly Favorable	28	40	-12	144	3.6
Favorable	110	40	70	4900	122.5
Somewhat Favorable	62	40	22	484	12.1
Not very Favorable	0	40	-40	1600	40
Not at all Favorable	0	40	-40	1600	40
				TOTAL	218.2

Step 4: Level of Significance

Level of significance = 0.05

Degree of freedom = (5-1) = 4

Tabulated value at 5% level of significance and degree of freedom, 4 is 9.49

Step 5: Comparing with table value

The calculated value with the tabulated value 218.2>9.49

FINDING:

Therefore, reject the null hypothesis (HO) and accepted the alternate hypothesis.

Hence there is strong relationship between return factor from mutual funds and return as selection parameter for investment.

6.12 Would you like to shift in any other mutual fund company?

Responses	Respondents	Percentage
Yes	104	52%
No	96	48%
Total	200	100%

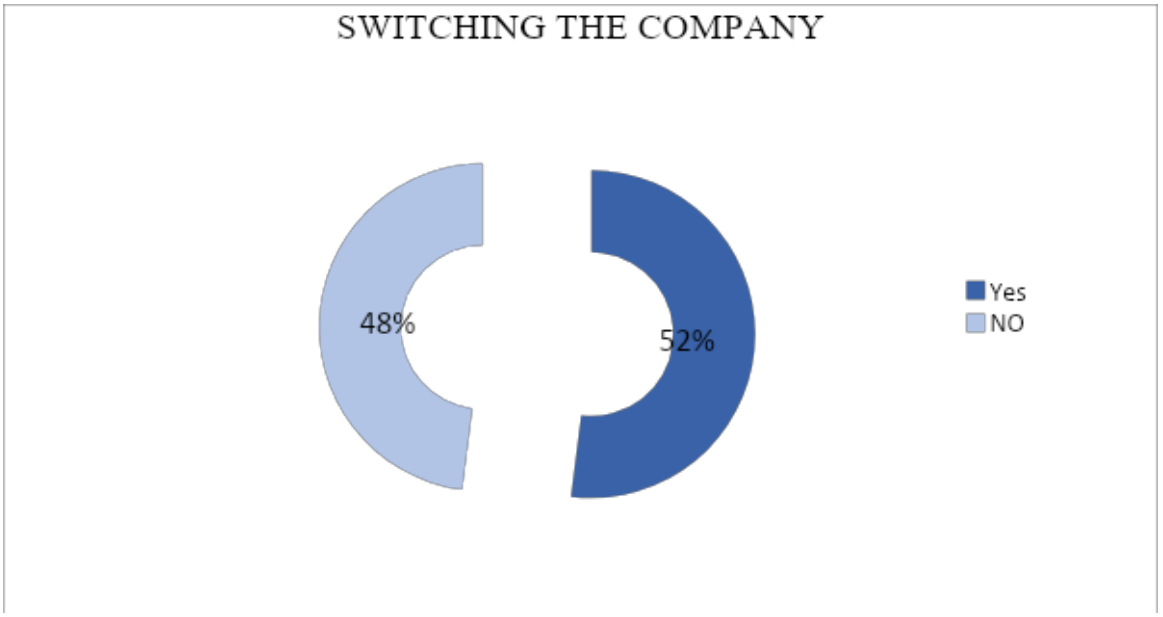


Chart 12

INTERPRETATION

In the above graph we analyse that out of 100 investors 52% likely to shift to other mutual fund company and 48% are not interested to do so.

CHAPTER-7

FINDINGS, RECOMMENDATION AND CONCLUSION

7.1 FINDINGS

1. According to my survey maximum numbers of investors fall in the age of below 30 years. The second most investors were in the age group of 30-40 years and least were in the age group of above 60 years

2. According to research most of the investors were graduate and post graduate.

3. In annual income group between 5 Lac to 10 Lac were more in numbers invested in ICICI mutual funds and second most were in the 1 Lac to 5 Lac

4. Investors invested in ICICI mutual fund because of schemes and funds and because of brand name and safety.

5. Investors invested through the AMC platform they prefer online mode much convenient than the offline.

6. I also came to find out that Systematic Investment Plan SIP type of investment plan investors preferred to invest.

7. Various factors such as return, safety of capital, flexibility, liquidity, tax benefit and brand image were the factors affecting the investment decision of investors.

8. 62% of the investors agreed with investment as an avenue for savings for wealth creation.

9. Survey result also shown that 42% of investors preferred midterm time duration for their investment.

10. Finally I came to know whether investors want to shift to other mutual fund company or not and result came shocking that 52% out of 200 investors said yes may be due to the services provided by ICICI or maybe they want to try other companies.

7.2 RECOMMENDATION AND SUGGESTIONS

1. To regulate entry and exit loads effectively as it creates lot of confusion during actual settlement of costs and bills.

2. To better operation management so as to reduce the time lag and improve customer feedback.

3. To improve market penetration by targeting not only metros but mini metros and smaller towns more effectively.

4. To come with more innovative schemes and products so as to expand over the largest customer base as possible

5. The most vital problem spotted is of ignorance. Investors should make aware of the benefits. Nobody will invest until and unless he/she fully convinced

6. Most of people are not aware of what actually mutual funds are and basically the age group of 50 and above so advisor should change their mindsets.

7. Mutual fund companies need to give training to individual financial advisors about the fund/schemes and its objectives because they are the main source to influence investors.

8. Before making any investment financial advisor and companies should first enquire about the risk tolerance of the investor/customers, their need and time.

9. Younger people aged under 35 will be a key new customer group into the future, so making greater efforts with younger customers who show some interest in investing should pay off.

7.3 CONCLUSION

The project that I undertook provided me a good experience of investment avenues like mutual funds and related activities. It was a good experience for me as it helped me enhance my knowledge as well as gave a good industry exposure for the period which would definitely prove to be a very useful at the time it was very beneficial for the company.

The study performed using the historical data will help the company in two ways. Firstly, it would let company know which of the funds under the given category works well and which does not. It can design certain strategies for the funds which are still underperforming and are in their nascent stages. Secondly, it would help the organisation, the financial consultants and the marketing team to provide a strategy for the investors who can now easily decide where to invest and where not to.

Summing up I am thankful to project that gave me an opportunity where I could learn new things, enhance my knowledge, gain some industry exposure and at the same time do something that could be beneficial for me as in near future I also want to invest in the mutual funds.

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QUESTIONNAIRE

"To find out the perception of investors about investment pattern of ICICI Prudential Mutual Funds."

Dear Respondent

We the student of business school, are conducting an analysis on Investment Pattern of Mutual Fund Investor of ICICI Prudential Mutual Funds. We were highly appreciated and also will be thankful if you could help us by providing your valuable remarks on following questions. We assure you of confidentiality of the input you provide to us.

Name of Respondent:

_____

Address and contact no:

_____

1. Age of investors:

   a) Below 30
   b) 30-40 years
   c) 40-60 years
   d) Above 60

2. Investor Qualification:

   a) Undergraduate
   b) Graduate /PG
   c) Others

3. Occupation of investors:

   a) Government sector
   b) Private sector
   c) Entrepreneur
   d) Others

4. Income distribution of investors:

a) Below 1,00,000
b) 1,00,000 to 5,00,000
c) 5,00,000 to 10,00,000
d) above 10,00,000

5. Why invested in ICICI mutual funds?

a) Brand name return
b) Return factor
c) Scheme/ fund factor
d) Safety and security

6. Which type of investment plan do you prefer for investing in mutual funds?

a) One time investment
b) SIP

7. Which type mode of investment do you prefer for investing in mutual funds?

a) Bank
b) Financial advisor
c) AMC
d) Self-exploration

8. Which channel of investing do you prefer while investing in mutual funds?

a) Online
b) Offline

9. What time duration do you prefer for investment?

a) Long term (10-15 years)
b) Mid-term (5-10 years)
c) Short term (1-5 years)

10. Do you prefer investment in mutual funds as an avenue for savings and wealth creation?

a) Yes
b) No

11. Which of the following factors would influence you most in taking an investment decision in selecting mutual funds?

Financial assets	**Highly Favourable**	**Favourable**	**Somewhat favourable**	**Not very favourable**	**Not at all favourable**
a) **Safety of capital**					
b) **Liquidity** (quick redemption facility/trading of units through stock exchange)					
c) **Flexibility** (switching of schemes between different schemes under the same fund management)					
d) **Past Good Return** (In terms of dividend returns)					
e) **Capital appreciation**					
g) **Tax Benefit**					
i) **Reputation of the sponsor**					

12. Would you shift to any other mutual fund company?

a) Yes
b) No