A STUDY ON THE NEED OF THE FINANCIAL MANAGER FOR MUTUAL FUNDS INVESTORS

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ABSTRACT

This study explores the significance of financial advisors in the context of mutual fund investing. Mutual funds have emerged as popular investment vehicles due to their diversification benefits and professional management. As individual investors face increasing complexity in the financial markets, the role of financial advisors in guiding investment decisions becomes paramount. This research aims to analyze the need for financial advisors by evaluating their impact on investment outcomes, investor behavior, and the overall financial well-being of mutual fund investors.

INTRODUCTION

A fund advisor is a qualified professional who analyses your current finances understands your investment goals and guides you to invest in the best mutual fund to build a portfolio suited to your requirements and financial goals. They have an excellent understanding of various types of mutual funds and are up-to-date with the current market conditions to help you select the right fund for investing. They can guide you on various financial aspects such as when to invest, which investments are more likely to be profitable, their review of various investment products, and many more. Financial advisors can also help you in setting up your investment plan, especially to meet long-term goals. A financial advisor can help with the finances of common people, investors, business owners, and entrepreneurs. A financial advisor specializes in the field of finance and investments. They provide financial knowledge and advice to customers based on their expertise in that field and as per the requirements of the customers.

OBJECTIVES

To determine the importance of having a financial advisor while investing in mutual funds. To explore the factors considered by investors while choosing a financial advisor. To help them to choose the right investment options & products based on risk and return requirements. To assess the

satisfaction level of investors with the advice provided by financial advisors.

NEED OF THE STUDY

They help individuals manage their money and map out their financial futures. They focus on financial planning in a broader form or focus on niche topics, financial advisors draw up plans or recommend specific investment products and vehicles to meet the needs of their clients. Researching and recommending investment opportunities and managing investment portfolios. To achieve your financial goals through investing, you need professional guidance to keep you on track for accomplishing your purpose by helping you choose the best investment strategy.

SCOPE OF THE STUDY

The financial advisor encompasses a wide range of investment options and strategies that can be used for asset allocation, risk management, long-term growth, and professional management. They assess income, expenses, assets, and liabilities to create a comprehensive picture of an individual or business's financial situation.

LIMITATIONS

A financial adviser is that they don't always have your best interests in mind. Despite many advisers making decisions that will benefit the client, it is not unusual

for conflicts of interest to arise. Not all advisors are competent. Choosing the wrong financial advisor could end up being a costly mistake in your wealth-building objectives. Financial advisors cost money, and not all charge you in the same way. Some charge a percentage of your total portfolio per year. Before choosing a financial advisor, you need to determine whether the cost is worth the service rendered.

REVIEW OF LITERATURE

DD Winchester, SJ Huston (2011) Investors have difficulties making optimal long-term financial decisions for reasons such as shortsightedness, a lack of financial sophistication, and an inability to self-regulate. Using propriety data collected during the 2007 recession, a period where investors lost over $8 billion by making impulse investment decisions, this study examines the impact of professional financial advice on an investor's commitment to long-term financial goals. Results suggest that investors who use a financial advisor are about one-and-a-half times more likely to adhere to long-term investment decisions. Additionally, investors with a written financial plan are almost twice as likely to make optimal long-term financial decisions. **PS Stevens, CS Tyle (1997)** The article presents an overview of the

recently enacted National Securities Markets Improvement Act (NSMIA), as it affects investment companies and investment advisers. The NSMIA amended the Investment Company Act of 1940 and the Investment Advisers Act of 1940 in several important respects and, more significantly, reallocated and rationalized the regulatory responsibilities of federal and state regulators with respect to investment companies and investment advisers. The Article discusses factors that led to the enactment of the legislation, explains its various provisions, and notes interpretive questions that have arisen or are likely to arise under the NSMIA.

Joseph Golec (1996) This paper develops a specialized principal-agent model of the investor-investment advisor relationship and embeds the standard advisory compensation schedule in the model. Advisors are endowed with information-gathering abilities and investors are endowed with funds. Information-gathering services are traded indirectly through the investor's receipt of portfolio returns net of advisory fees. Model results show that the parameters of the compensation schedule are both a function of the idiosyncracies of an advisor's information services and the degree of risk sharing between the advisor and investor. Several predictions of the model are supported using data on mutual fund advisors. Unsupported predictions may be due to the self-selection of advisors by risk tolerance.

RESEARCH METHODOLOGY
RESEARCH DESIGN

A research design is a framework that has been created to find answers to research questions.

TYPES OF RESEARCH
DESCRIPTIVE RESEARCH

Descriptive research aims to accurately and systematically describe a population, situation, or phenomenon.

SAMPLING METHOD

The sampling technique used in this study is Convenience sampling a non-probability sampling technique where subjects are because of their convenience and proximity to the researcher.

TARGET RESPONDENT

The sample size of the present study is 104 respondents from Chennai.

DATA FOR STUDY

The study depends on both primary as well as secondary data.

DATA PROCESSING
PRIMARY DATA

The primary data has been collected from the employees of the organization.

SECONDARY DATA
The secondary data has been collected from journals, magazines websites, and annual reports.

36-40	18	17.3	17.3	84.6
above 41	16	15.4	15.4	100.0
Total	104	100.0	100.0	

TOOL FOR ANALYSIS

PERCENTAGE ANALYSIS

It refers to a special kind of rate, percentages are used in making comparisons between two or more series of data. A percentage is used to determine the relationship between the series.

ANOVA

ANOVA is a collection of statistical models and their associated estimation procedures used to analyze the difference among means.

CHI-SQUARE

A chi-square test is a statistical test used to compare observed results with expected results.

CORRELATION

A correlational research design investigates relationships between variables without the researcher controlling or manipulating any of them.
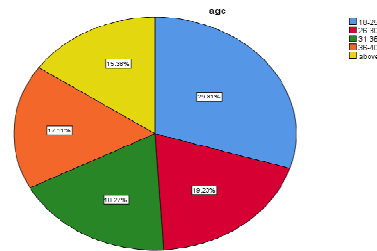
PERCENTAGE ANALYSIS

1. PERCENTAGE ANALYSIS FOR AGE OF THE RESPONDENT

TABLE NO 1. AGE OF THE RESPONDENT

age

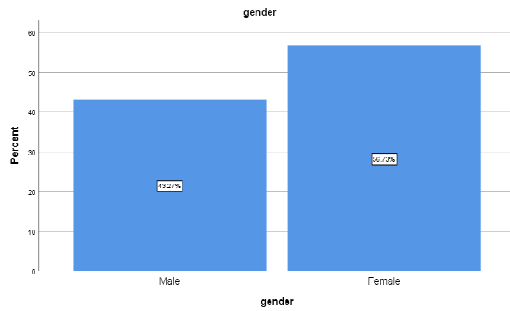|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**18-25**	31	29.8	29.8	29.8
	26-30	20	19.2	19.2	49.0
	31-35	19	18.3	18.3	67.3

FIGURE NO 1. AGE OF THE RESPONDENT

INFERENCE

From the above table it is found that out of 104 respondents, 29.81% are 18-25, 19.23% are 26-30, 18.27% are 31-35, 17.31% are 36-40 and 15.38% are above 41.

2. PERCENTAGE ANALYSIS FOR GENDER OF THE RESPONDENT

TABLE NO 2. GENDER OF THE RESPONDENT

gender

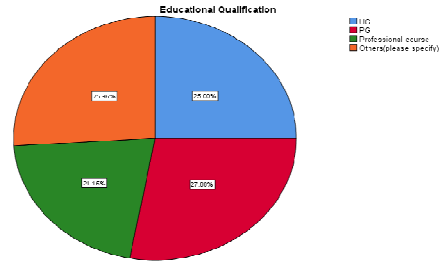|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Male**	45	43.3	43.3	43.3
	Female	59	56.7	56.7	100.0
	Total	104	100.0	100.0	

FIGURE NO 2. GENDER OF THE RESPONDENT

 INFERENCE

From the above table it is found that out of 104 respondents, 43.27% are males and 58.73% are females.

FIGURE NO 3. EDUCATIONAL QUALIFICATION OF THE RESPONDENT INFERENCE

From the above table it is found that out of 104 respondents, 25.00% are UG, 27.88% are PG, 21.15% are professional course and 25.96% are others.

3. PERCENTAGE ANALYSIS FOR EDUCATIONAL QUALIFICATION OF THE RESPONDENT

TABLE NO 3. EDUCATIONAL QUALIFICATION OF THE RESPONDENT

Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	UG	26	25.0	25.0	25.0
	PG	29	27.9	27.9	52.9
	Professional course	22	21.2	21.2	74.0
	Others(please specify)	27	26.0	26.0	100.0
	Total	104	100.0	100.0	

4. PERCENTAGE ANALYSIS FOR OCCUPATION OF THE RESPONDENT

TABLE NO 4. OCCUPATION OF THE RESPONDENT

occupation

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	30	28.8	28.8	28.8
	Businessman	15	14.4	14.4	43.3
	Employed	32	30.8	30.8	74.0
	Retired	8	7.7	7.7	81.7
	Unemployed	4	3.8	3.8	85.6
	Homemaker	15	14.4	14.4	100.0
	Total	104	100.0	100.0	
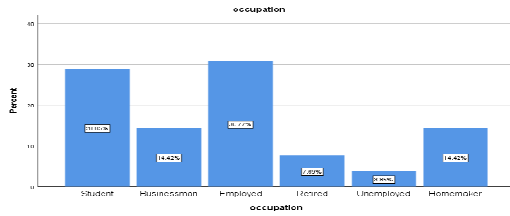
FIGURE NO 4. OCCUPATION OF THE RESPONDENT

INFERENCE

From the above table it is found that out of 104 respondents, 28.85% are students, 14.42% are businessmen, 30.77% are employed, 7.69% are retired, 3.85% are unemployed and 14.42% are a homemaker.

5. PERCENTAGE ANALYSIS FOR INCOME OF THE RESPONDENT
TABLE NO 5. INCOME OF THE RESPONDENT

Income (per month)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30000	50	48.1	48.1	48.1
	31000-40000	15	14.4	14.4	62.5
	41000-50000	16	15.4	15.4	77.9
	51000-60000	13	12.5	12.5	90.4
	Above 61000	10	9.6	9.6	100.0
	Total	104	100.0	100.0	
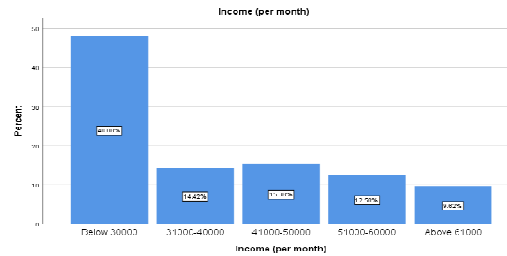
FIGURE NO 5. INCOME OF THE RESPONDENT

INFERENCE

From the above table it is found that out of 104 respondents, 48.08% are below 30000, 14,42% are 31000-40000, 15.38% are 41000-50000, 12.50% are 51000-60000 and 9.62% are above 61000.

1. CHI-SQUARE

To find out the association between financial advisor can add value and helps to manage risk.

Ho: There is a significant difference between financial advisor can add value and helps to manage risk.

H1: There is no significant difference between financial advisor can add value and helps to manage risk.

Test Statistics

	How do you think a financial advisor can add value to your mutual fund investments?	Do you think that a financial advisor can help you manage risks while investing in mutual funds?
Chi-Square	12.923[a]	18.250[b]
df	4	2
Asymp. Sig.	.012	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.8.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 34.7.

INFERENCE:

The significant value is 0.05 is greater than 0.000 (0.05>0.000). Hence H1 is accepted and H0 rejected. There is no significant difference between financial advisor can add value and helps to manage risk.

2. CORRELATION

To find out the association between achieving a better return and managing risks.

Ho: There is no significant difference between achieving a better return and managing risks.

H1: There is a significant difference between achieving a better return and managing risks.

Correlations

		Do you think that a financial advisor can help you manage risks while investing in mutual funds?	How is it for you to achieve a better return on your mutual fund investments?
Do you think that a financial advisor can help you manage risks while investing in mutual funds?	Pearson Correlation	1	.271**
	Sig. (2-tailed)		.005
	N	104	104
How is it for you to achieve	Pearson Correlation	.271**	1

a better return on your mutual fund investments?	Sig. (2-tailed)	.005	
	N	104	104

**. Correlation is significant at the 0.01 level (2-tailed).

INFERENCE:

The significant value is 0.05 is greater than 0.005 (0.05>0.005). Hence H1 is accepted and H0 is rejected. There is no significant difference between achieving a better return and managing risks.

3. ANOVA

To find out the association between factors considered while choosing a financial advisor and income

Ho: There is a significant difference between factors considered while choosing a financial advisor and income

H1: There is no significant difference between factors considered while choosing a financial advisor and income.

ANOVA

Income (per month)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.887	3	3.962	2.070	.109
Within Groups	191.459	100	1.915		
Total	203.346	103			

INFERENCE:

The significant value is 0.05 is less than 0.109 (0.05<0.109). Hence H1 is rejected and H0 is accepted. There is no significant difference between factors considered while choosing a financial advisor and income

FINDINGS

According to the study, it is found that out of 104 respondents, 25.00% are UG, 27.88% are PG, 21.15% are professional courses and 25.96% are others. According to the study, it is found that out of 104 respondents, 43.27% are males and 58.73% are females. According to the study, it is found that out of 104 respondents, 25.00% are UG, 27.88% are PG, 21.15% are professional courses and 25.96% are others. According to the study, it is found that out of 104 respondents, 28.85% are students, 14.42% are businessmen, 30.77% are employed, 7.69% are retired, 3.85% are unemployed and 14.42% are a homemaker. According to the study, it is found that out of 104 respondents, 48.08% are below 30000, 14,42% are 31000-40000, 15.38% are 41000-50000, 12.50% are 51000-60000 and 9.62% are above 61000.

SUGGESTIONS

Financial advisors can analyze the risk profile of different mutual funds and determine which ones are most suitable for risk tolerance. They help strike a balance between risk and potential returns. Financial advisors specialize in investment strategies and possess a deep understanding of the complexities of mutual funds. They can provide valuable insights into selecting the right funds that align with the goals. Financial advisors regularly monitor and evaluate the performance of mutual funds.

They can recommend adjustments to the portfolio based on changing market conditions Having a financial advisor overseeing the mutual fund investments provides peace of mind, knowing that a professional is managing the financial resources effectively.

CONCLUSION

A Financial Investment Advisor or a professional Financial Advisor is a licensed professional who examines your current financial situation, comprehends your investment objectives, and advises you on the best Mutual Fund to invest in to create a portfolio that meets your financial objectives. They can assist you in choosing the ideal fund for investing because they have a thorough understanding of the various types of Mutual Funds and are up to date on current market conditions. An advisor's fiduciary duty is to disclose to their clients every aspect of an investment in a morally and ethically right way. Any person who knows finance and can guide you throughout your financial journey is a financial advisor. To conclude, I believe that in many respects, the work of financial advisors is connected to the upliftment of society as they serve the dual role of providing financial literacy to common citizens and welcoming them on the path of financial independence.

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