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A STUDY ON THE BEHAVIOUR OF THE INVESTORS TOWARDS THE HYBRID FUND IN INDIA

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Abstract

Mutual fund schemes known as "Hybrid Funds" take use of the flexibility afforded by being able to invest in both equity and debt securities in the same transaction. As a result, the portfolio has the ability to benefit from greater potential returns over the long run thanks to the equity component, while the debt component has the capacity to protect it from the high level of volatility. In addition, investors with varying risk profiles may choose from a variety of alternative schemes offered by hybrid funds, which are all part of the larger category of hybrid funds. The investors with an aggressive risk profile and a higher risk appetite may choose hybrid funds with a higher equity portfolio. Conservative investors may choose hybrid funds with a higher debt component. Investors with an aggressive risk profile and a higher risk appetite may choose hybrid funds with a higher equity portfolio. The main objectives of the study was **t**o measure the awareness level of investors towards the hybrid fund, to study the behaviour of the investor towards the hybrid funds and **t**o identify most preferred hybrid fund by the respondents selected from the study area. This is a qualitative study conducted Chennai city, Tami Nadu. It was carried out in the month of January, 2022. The study was conducted with 150 sample respondents from the study area using purposive sampling method. The investors who have invested in the hybrid funds have been selected purposively. The primary data were collected using the Google forms. The analysis is made with the help of SPSS software with appropriate statistical tools. The mutual fund industry is tremendously growing. A large number of plans have come up from different financial resources in India. The study shows that the awareness level of mutual fund among the investors are very low because of only having the partial knowledge about the mutual fund which prevent them to invest in mutual fund to avoid risk bearing factor and fear of losing money.

Keywords: *Mutual fund, Investors behaviour, hybrid fund, Types of hybrid fund and* India

Introduction

A mutual fund is a kind of investment instrument that allows investors to place their money in the securities market. Using the expertise of an asset management company, mutual funds are able to pool their investors' relatively modest savings into larger investments. In India, there are many distinct types of mutual funds, each of which is classified according to the underlying investing strategy of the fund. There are many different types of mutual funds, including equities, balanced, debt, and fund of funds, index, money market, and exchange-traded funds. A mutual fund may also be classified according to the market capitalization of the firms it invests in, using categories such as big cap, medium size, and small cap. The fund manager will decide where the monies are invested. Mutual funds are a kind of investment that spread out the risk of an investor's capital by investing it in a variety of different assets. A competent fund manager oversees the operations of a mutual fund, often known as a pooled investment vehicle. In a mutual fund, there are several investing strategies available, such as open-ended and close-ended accounts.[1] A mutual fund is one of the most alluring forms of financial

[1] Tripathy (2006). "An empirical analysis on performance evaluation of mutual funds in India: A study on equity linked saving schemes". ***The IUP Journal of Applied Finance***, Vol.10 (7), pp. 307–317.

investment available, and it plays an important part in the economy of any given nation. Investors get access to a wider range of alternatives via mutual fund schemes. In 1963, with the establishment of Unit Trust of India, the concept of mutual funds was first brought to India. Investors are afforded the opportunity to diversify their holdings over a broad range of assets via the use of mutual funds, which they otherwise may not have the capacity to hold in their portfolios in the form of individual securities. The mutual fund sector has been witness to a great number of exceptional and quick shifts in trends over the course of the last several years. Consequently, as a result of the altered environment, it is essential to analyze the performance of mutual funds. A mutual fund is the most suitable investment instrument for the complicated and advanced financial environment of today. As a result of the ease with which money may be invested in mutual funds as well as the lower costs associated with doing so, investors are able to acquire stocks and bonds at a much reduced cost per transaction[2].

A mutual fund is a kind of investment vehicle that allows investors to combine their resources via the issuance of units to the investors and the investment of those funds in securities in accordance with the goals that are outlined in the offer document. Because investments in securities are dispersed throughout such a broad range of businesses and markets, the level of risk associated with these investments is significantly decreased. The risk may be reduced via the use of diversification since there is no guarantee that all equities will move in the same direction and to the same degree at the same time. The mutual funds will often introduce a number of new investment strategies on a periodic basis. These strategies will typically have a variety of investment goals. Before a mutual fund may begin soliciting contributions from members of the general public, it must first get registered with the Securities and Exchange Board of India (SEBI), the government agency in India that is responsible for regulating the securities markets. Consequently, mutual funds make saving money and investing easy, accessible, and within reach of more people. The benefits of mutual funds include expert management, diversification, diversity, liquidity, and affordability, as well as convenience, simplicity of recordkeeping, tight government control, and complete disclosures. Additionally, mutual funds are regulated strictly by the government. In addition to this, the Income Tax Act of 1961 exempts from taxation one hundred percent of all profits received through mutual funds. Any further profits in a short period of time from the equities fund are subject to taxation at a rate of 15%.

Description of Hybrid Mutual Funds- An overview

Mutual funds that carry a mixture of stocks, bonds, and cash in their portfolios are referred to as hybrid funds. Other terms for hybrid funds include balanced funds, asset allocation funds, and flexible mutual funds. Numerous studies examining the performance of mutual funds and the ability to time the market use these funds as a component of their total fund sample.[3] However, the typical market timing models that were used in these research examine funds as if they are just made up of Treasury bills and stocks, and they assess fund performance by concentrating on the decision of whether to invest in stocks or cash. As a direct consequence of this, the majority of the research either disregard the component of the hybrid fund's portfolio that is comprised of bond investments. There are primarily three types of hybrid funds, and these are flexible funds, balanced funds, and asset allocation funds. Within its portfolio, each different kind of fund often invests in a mix of different types of assets, including stocks, bonds, and cash. The primary factors that differentiate the various sorts of funds are their investing objectives and levels of market timing aggression.[4].

The goal of a balanced fund is to reduce the amount of risk associated with the fund's investments while still preserving as many opportunities as possible for both long-term growth and present income. By investing in a mix of stocks, bonds, and cash investments, balanced funds attempt to strike a healthy balance between the fund's income, growth, and security objectives. In the past, these funds have pursued these objectives by investing a relatively constant percentage of their portfolios in both equities and fixed-income assets[5]. This was

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[2] Sharpe, W. F. (1966). "Mutual fund performance". ***Journal of Business***, Vol. 39(1), pp.119–138.

[3] Blake, David and Allan Timmermann (1998). "Mutual Fund Performance: Evidence from the UK. ***European Finance Review,*** Vol.2, No.1, pp57-77

[4] Wermers, Russ. (2000) "Mutual fund performance: An empirical decomposition into stock-picking talent, style, transactions costs, and expenses" ***Journal of Finance*** , Vol.55, pp.1655–1660

[5] Verheyden, De Moor and Vanpee (2016). "Mutual fund performance: A market efficiency perspective***" Investment Analysts Journal***, Vol.45 (1), pp.11–15.

one of the primary strategies they used. However, contrary to the widespread perception, a significant number of these funds actively participate in market timing and produce a high level of portfolio turnover. Balanced funds often reallocate up to 15 percent of their assets based on their projections of the future returns that will be generated by the several main asset classes. In order for funds to be considered balanced, they must make a commitment to keeping at least 25 percent of their total assets in bonds and/or cash at all times, regardless of the state of the market[6] Weisenberger's Mutual Fund Panorama, asset allocation funds are funds that seek total return by allocating the fund's portfolio among the combination of asset classes that are best believed to represent the most efficient trade-off between rate of return and risk. In other words, these funds try to maximise return while minimizing risk. In many instances, the portfolios of these funds do not seem to be different from the portfolios of balanced funds at first glance[7]. The difference lies in the fact that asset allocation funds are more aggressive in their attempts to market time, and the majority of these funds can invest in asset classes in any proportion in the interest of achieving the highest possible return. This is the primary distinction between the two types of funds. Although these funds do have the ability to make more frequent changes in allocation, they typically make market timing adjustments to their target asset allocations on a monthly basis. However, depending on the fund, they may make these adjustments more often. There is a third kind of hybrid funds known as flexible funds, which are also often referred to as flexible-income funds. The majority of these funds have the look of balanced funds, but their primary concentration is often on income generation rather than long-term gain. As is the case with balanced and asset allocation funds, the management of these funds decides how much of each stock and bond investment to make. As more asset allocation funds have come into existence, the relative significance of flexible funds has become less significant[8].

Types of Hybrid Funds

A mutual fund is a kind of investment vehicle that pools resources via the distribution of units to investors and the purchase of assets in line with the fund's investment goal. There is a large selection of mutual funds for investors to choose from when deciding where to place their money, and the reliability of mutual fund performance has been the primary aspect that has attracted a large number of investors.

1. **Multi Asset Allocation Fund**: These schemes are required to contain investments in at least three distinct asset classes, with a minimum of at least ten percent held in each of the distinct asset classes. The asset allocation of these funds is determined according to the opinion of the fund management. These funds provide investors with the opportunity to participate in a wider variety of asset classes.
2. **Balanced Hybrid Funds**: These strategies put at least 40 and no more than 60 percent of their capital into the equities and debt asset classes, respectively. The goal is to achieve risk-adjusted capital growth over the long term by investing in equities asset class while simultaneously achieving balance in risk exposure via debt allocation. Within the scope of these kinds of schemes, arbitrage is not allowed.
3. **Aggressive Hybrid Funds**: These schemes are required to invest between 20 and 35 percent of their total assets in the debt asset class, with a minimum equity investment of 65 percent and a maximum equity investment of 80 percent. They provide the promise of significant returns while reducing risk by allocating just a small portion of their assets to debt. They are eligible to get tax breaks that are reserved for equity-oriented programmes..
4. **Dynamic Asset Allocation or Balanced Advantage Fund**: These schemes are really dynamic and have the ability to go from an asset class consisting entirely of debt to one consisting entirely of equity. The suggestion of the financial model used by the fund serves as the foundation for making the decision about the asset allocation. Investors that wish their asset allocation decisions to be made automatically can consider investing in these products.
5. **Conservative Hybrid Funds**: These schemes are required to invest 10 to 25 percent of their total assets in equity and equity-related instruments. The remaining 75 to 90 percent is to be invested in debt instruments.

[6] George Comer(2006) "Hybrid Mutual Funds and Market Timing Performance", ***The Journal of Business*** , Vol. 79, (2) , pp. 771-797

[7] Berk and Green (2004). "Mutual fund flows and performance in rational markets". ***Journal of Political Economy***, Vol.112 (6), pp.1269–1295.

[8] Bertin and Parther (2009). "Management Structure and the Performance of Funds of Mutual Funds", ***Journal of Business Research,*** Vol. 62, pp. 1364-1369

The aim of these funds is to generate income from the debt component of the portfolio and use the small equity component to provide a kicker to the overall return. It is a good option for people looking for debt plus returns and are willing to take a little extra risk.

6. **Equity Savings Fund**: By investing in equities, derivatives, and debt, these funds make an effort to strike a balance between risk and return. The use of derivatives may lessen the directional stock exposure that an investor has, which in turn can lower the volatility and provide a more consistent return. The equity asset is responsible for growth and debt, while the derivative is in charge of providing regular steady returns. These strategies put anything from 0 to 100 percent of their money into equity investments, while investing anywhere from 0 to 35 percent in debt asset classes.
7. **Arbitrage Fund:** The goal of an arbitrage strategy is to produce profits via the price gap that exists between two markets. This is accomplished by simultaneously purchasing in the cash market and selling in the futures market. This is accomplished with the use of equity-oriented derivative products, which fall within the broader category of equity-oriented instruments. Because there is a simultaneous purchase and sell, there is no directional call on the stock, and as a result, it does not carry the volatility that is associated with the equity asset class. Instead, it offers a consistent return that is comparable to that of debt. These strategies put anything from 0 to 100 percent of their money into equity investments, while investing anywhere from 0 to 35 percent in debt asset classes. In an environment characterized by high levels of market volatility, low-risk investors who want profits comparable to those generated by debt but subject to equity taxes might consider investing in this fund.

Review of Literature

Naresh Chaudhari (2021)[9] explained that a mutual fund is a kind of investment vehicle that pools resources via the distribution of units to investors and the purchase of assets in line with the fund's investment goal. There is a large selection of mutual funds for investors to choose from when considering where to place their money, and the consistent performance of mutual funds has been the primary element that has attracted a large number of investors. The current investigation is an effort to evaluate the relative performances of several Indian banks' mutual funds in comparison to one another. The mutual fund schemes offered by a selection of Indian banks, which are referred to as hybrid schemes, are the primary subject of this research. The research was carried out using 10 different hybrid mutual funds, which are often composed of both equity and debt holdings. The hybrid fund served as the basis for this study. An aggressive mutual fund is one that invests primarily in equities and so has a higher level of risk. The bulk of the holdings in conservative mutual funds are debt or fixed income funds; the equity element of these funds is just a very tiny fraction of the total assets. This makes conservative mutual funds low risk and low volatile. However, when considering the rate of return, conservative mutual funds provide a higher rate of return for low risk, while aggressive mutual funds, which account for the bulk of funds, offer a negative rate of return for high risk.

Vijayakumar, Muruganandan and Rao (2012)[10] examined the relationship between fund performance and fund characteristics using 14 open-ended funds of fund from 2004 to 2008. The effectiveness of the fund was evaluated using fund returns that were calculated using the daily NAV as the foundation. The variables of fund characteristics that were included as explanatory variables in the estimate were the standard deviation as a measure of risk, the turnover ratio, the income ratio, the size of the fund assessed by average net assets, and the expense ratio. We employed the common constant approach, the finite element method (FEM), and the repeated maximum method (REM) to simulate the panel data. According to the findings of the research, there is a significant and favourable connection between fund performance and fund riskiness proxies such as standard deviation of return, fund size, and costs ratio. The ratio of funds being turned over has a negative link with the performance of the fund. It was discovered that the fund manager handled large-size funds in an efficient manner.

[9] Naresh Chaudhari (2021) "Performance evaluation of selected hybrid mutual funds in India", ***Journal GAP Interdisciplinarities*** – Vol.3 (3), pp.52-54

[10] Vijayakumar, Muruganandan, and Chandra Sekhara Rao (2012). "The Relationship between Fund Performance and Fund Characteristics: Evidence from India". The IUP Journal of Applied Finance, Vol.18, No.2, pp.1-14.

Miglani (2010)[11] examined the ability of mutual fund managers to time the market were put to the test by the author. The research included data from 98 different mutual fund schemes, spanning the time period from April 1, 1999 to March 31, 2004. These schemes were from both the public and commercial sectors. The rate of return, the sharpe measure, the treynor measure, the jensen differential return measure, the sharpe differential return measure, and the appraisal measure were used to do an analysis of the data in order to evaluate the performance of various mutual fund schemes. Both the Treynor and Mazuy measure and the Henriksson and Merton measure were used in order to examine the timing of the market. According to the findings, UTI had the largest proportion of the total resources that were acquired by the combined efforts of all of the mutual funds. During the time span between 1992 and 2004, the total number of schemes climbed from 116 to 441. According to the findings of risk and return analyses, the vast majority of fund managers put their money into hazardous assets in order to get the highest possible return. The beta value demonstrated that only tax planning strategies were invested in accordance with their respective levels of systematic risk. The findings of all of the performance indicators indicated that the majority of the schemes were functioning very well when taken as a whole. Although market timing models suggested that fund managers produced greater returns owing to their participation in security selection, actual performance shown that they were unable to effectively time the market.

Raju (2006)[12] analyzed the investments in mutual funds based on the investment priorities, considerations considered before investing, factors considered before investing, investment goals, projected returns, awareness level of mutual funds, sources of awareness, and desire of investors to invest in mutual funds. The research was conducted between April 2005 and August 2005 with a sample size of two hundred individuals who participated in the survey. According to the findings of the survey, mutual funds are the least desirable form of investment when compared to real estate, bank deposits, and post office savings and investment programmes. Before making an investment, the respondents placed the greatest importance on the issue of safety. The primary reason for investing in mutual funds was to reduce one's taxable income via the use of ELSS. The vast majority of respondents anticipated returns of between 5 and 10 percent, and despite receiving information on mutual funds from marketing personnel, they had little interest in investing their limited capital in mutual funds. According to the findings of the research, creative marketing strategies such as investor education, investor meetings, and reaching the investor by e-mail or SMS might help make mutual fund schemes more popular. In addition, he was of the opinion that the establishment of new funds, such as derivative funds and real estate funds, in conjunction with increased transparency might turn investments in mutual funds from an induced option into a desired one.

Need of the Study

Today, there is a greater focus placed on the role of the regulator (SEBI and AMFI), with the goal of enhancing investors' services and raising the level of knowledge among investors. The sector of the financial industry that deals with mutual funds in this nation has, up until this point, been primarily concerned with urban markets and corporate investors. The moment has arrived for the sector to start making inroads into rural areas that, up until now, have remained undeveloped. In addition, there is a greater need for the sector to place an emphasis on corporate governance and transparency policies. Because even a single incorrect decision can put investors in a financial crisis, which can sometimes lead to their bankruptcy, the issues that are related to the choice of schemes between the public and private sectors on the one hand and between growth, income, balanced, liquid/money market, and gilt schemes on the other hand have become of the utmost importance. This is because of the fact that the public and private sector schemes are on the one hand. It is more important than ever to conduct an investigation into whether or not regular investors' expectations are being met by the performance of mutual funds and whether or not the funds are meeting the purposes for which they were established. Therefore, it is anticipated that performance evaluation of these funds will assist investors in making investment choices that

[11] Miglani,(2011). "Market Timing Ability of Indian Mutual Funds. *VSRD"* ***International Journal of Business and Management Research*****, Vol.***1*(7),pp. 416-427

[12] Raju and Rao (2009). "Market timing ability of selected mutual funds in India: A comparative study". The ICFAI ***Journal of Applied Finance***, Vol.15(3), pp.34–49

are appropriate for them. In addition, it is necessary to do research on the perspectives of investors in order for mutual funds to be able to give schemes that are appropriate and appropriate for investors.

Research Objectives

1. To measure the awareness level of investors towards the hybrid fund
2. To study the behaviour of the investor towards the hybrid funds
3. To identify most preferred hybrid fund by the respondents selected from the study area.

Research Methodology

This is a qualitative study conducted Chennai city, Tami Nadu. It was carried out in the month of January, 2022. The study was conducted with 150 sample respondents from the study area using purposive sampling method. The investors who have invested in the hybrid funds have been selected purposively. The primary data were collected using the Google forms. The analysis is made with the help of SPSS software with appropriate statistical tools.

Findings, Results and Discussion

1. Awareness level

The awareness of the investors towards their investment is necessary. This paper is trying to measure the awareness towards the hybrid fund is measured with help of 6 statements in a Likert scale. According to the awareness score, the respondents are grouped into 3 (less aware, moderately aware and highly aware). To understand the awareness of the respondents according to their nature (age, gender, number of family members, annual income and size of wealth) is anaysed with the help of discriminant analysis. The result is given below.

Table 1

Group Statistics

Awareness level	Nature	Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
Less	Age	32.64	14.941	25	25
	Gender	1.24	0.436	25	25
	Family members	4.32	0.988	25	25
	Annual income	302203	551273	25	25
	Wealth	7116000	8334300	25	25
Moderate	Age	28.61	8.450	46	46
	Gender	1.30	0.465	46	46
	Family members	5.13	1.600	46	46
	Annual income	740956	1512883	46	46
	Wealth	7403260	10890568	46	46
High	Age	35.39	13.415	79	79
	Gender	1.37	0.485	79	79
	Family members	4.47	1.249	79	79
	Annual income	1231847	3514289	79	79
	Wealth	269016453	1053106760	79	79
Total	Age	32.85	12.677	150	150
	Gender	1.33	0.471	150	150.000
	Family members	4.65	1.362	150	150.000
	Annual income	926367	2707560	150	150.000
	Wealth	145138332	773178220	150	150.000

The Table 1 shows that each awareness level has difference in the age, gender, family size, annual income and size of wealth. According to the age, the average age of the highly aware group is more (35.39) than other groups. It shows that the old age group respondents have good awareness about the hybrid funds. The gender is numbered as 1 for male and 2 for female. The less awareness has less mean (1.24) which shows that male are more in this group and high awareness have more mean value (1.37) which depicts that the female are more in the high awareness group.

Size of the family indicates that when there is more number of member, the moderate level of awareness is found (5.13) and less awareness is found where lee number of members are there in their family (4.32). It is concluded that the family members discuss the funds and if there is more member in the family, their awareness level is increased. The awareness according to the annual income clearly shows that the high income respondents have more aware about the hybrid funds (Rs. 12,31,847). The average annual income of the less income group is Rs. 3,02,223. The wealth and awareness level shows that the average wealth of the high aware group respondents is more (Rs. 26,90,16,453). The significant difference in the nature of the respondents across different level of awareness is tested as below.

Table 2

Tests of Equality of Group Means

Nature	Wilks' Lambda	F	df1	df2	Sig.
Age	0.944	4.354	2	147	0.015
Gender	0.990	0.765	2	147	0.467
Family members	0.942	4.502	2	147	0.013
Annual income	0.983	1.280	2	147	0.281
Wealth	0.971	2.176	2	147	0.117

Though there is difference in the nature of the respondents between the different awareness level, age (0.015) and number of family members (0.013) are found significant. The result of old age group respondents' high awareness and respondents from more number of family having moderate awareness are found significant. The overall difference of the selected variables of the respondents between different awareness levels is analysed with the help of Box's M test below.

Table 3

Test Results

Box's M		673.670
F	Approx	21.026
	df1	30
	df2	19784.349
	Sig.	0.000

The calculated F value is 21.026 and significance level is at 1% (p-0.000). It is concluded from the result that the difference in the 5 variables across the different level of awareness is significant. The following table shows that the variance among the function on the awareness level.

Table 4

Eigenvalues

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	0.153	83.6	83.6	0.364
2	0.030	16.4	100.0	0.171

The percentage of variance from the first function is 83.6% and the second function contributes rest of the 16.4% of the total variance. The Wilks' Lambda test result is given below.

Table 5

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	0.842	24.902	10	0.006
2	0.971	4.282	4	0.369

The significance of function 1 on the variance is at 1% (0.006). Hence, the result of the function 1 is considered for influence on the awareness level towards the Hybrid funds. The following table shows that impact of each variable in the function 1 and 2.

Table 6

Structure Matrix

Nature	Function	
	1	2
Age	0.622*	0.054
Gender	-0.568	0.632*
Family members	0.205	0.606*
Annual income	0.150	0.482*
Wealth	0.387	0.475*

The age is the only variable having significant influence on the awareness level in function 1. All other variables having significant result in function 2. But as per the Wilks' Lambda test, age is highly influencing factor on the awareness about the hybrid funds.

2. Investors behaviour towards the hybrid funds

Behaviour of the investors towards hybrid funds is analyzed in 2 aspects. First part deals with types of hybrid fund preferred by the investors with the help of Friedman ranking test. Second part is to analyse various factors considered by the investors while selecting hybrid fund.

i) Types

There are 6 types of hybrid funds and the preference of the investors is measured with the help of 5 point Likert scale. The result of descriptive statistics is given Table 7.

Table 7

Descriptive Statistics

Type of fund	Mean	Std. Deviation	Mean Rank
Conservative Hybrid Fund	3.22	1.355	3.43
Arbitrage Fund	3.27	1.181	3.54
Equity Savings Fund	3.27	1.086	3.40
Multi Asset Allocation Fund	3.37	1.138	3.60
Dynamic Asset Allocation Fund	3.51	1.191	3.66
Aggressive Hybrid Fund	3.25	1.222	3.37

The Table 7 indicates that Dynamic Asset Allocation Fund is preferred by most of the investors of hybrid fund (3.66). Multi Asset Allocation Fund (3.60) and Arbitrage Fund (3.54) are other type of hybrid funds preferred by them. Conservative Hybrid funds (3.43) and Equity Savings Fund (3.40) are ranked fourth and fifth according to their preference. The significance of the rank is shown below.

Table 8

Friedman Test

N	150
Chi-Square	3.720
df	5
Asymp. Sig.	0.590

The Chi-Square value of (3.720) for the degree of freedom 5 is not significant (59.0%). Hence, it is concluded that the ranks given based on the preference of the hybrid fund is not varying significantly. It shows that the respondents' preference towards the different types of hybrid funds is almost same.

ii) Factors

The hybrid funds are special in having the combination of less risk and more return yielding funds. The investor may prefer the funds for some specific purpose. It is an attempt to study the various factors considered by the hybrid fund investors.

Table 8

Descriptive Statistics

Factors	Mean	Std. Deviation	Mean Rank
Regular income	3.16	1.081	2.72
Investment tenure	3.31	1.099	3.01
Growth in value	3.49	1.180	3.36
Risk tolerance	3.50	1.054	3.39
Cost of the mutual fund units	3.01	0.986	2.51

The result of the descriptive statistics reveals that the investors mostly prefer the hybrid funds for risk tolerance (3.39). Growth in value of the investment is also expected by the investors (3.36). Investment tenure is another important factor considered while investing in the hybrid funds. Regular income (2.72) and cost of the fund (2.51) are ranked fourth and fifth. The significance of the ranking result is tested as below.

Table 9

Friedman Test

N	150
Chi-Square	48.182
df	4
Asymp. Sig.	0.000

The Chi-Square value is 48.182 for the degree of freedom 4 is found significant at 1% level (p-0.000). It shows that the ranks given for the factors are significant. Risk tolerance and the growth in value of investments are the most considering factor.

3. Top hybrid funds

There are more hybrid funds in the mutual fund market. The top 5 hybrid funds are taken for the analysis. The respondents are asked to mention their level of preference over the funds. The frequency of the respondents is given in the following Table 10.

Table 10

Preference of hybrid funds

Fund		Very low	Low	Moderate	High	Very high
Baroda BNP Paribas Aggressive Hybrid Fund	N	11	31	39	44	25
	%	7.33	20.67	26.00	29.33	16.67
Tata Multi Asset Opportunities Fund	N	9	23	59	36	23
	%	6.00	15.33	39.33	24.00	15.33
Kotak Multi Asset Allocator FoF – Dynamic	N	12	21	38	57	22
	%	8.00	14.00	25.33	38.00	14.67
Quant Multi Asset Fund Direct-Growth	N	8	25	38	41	38
	%	5.33	16.67	25.33	27.33	25.33
ICICI Prudential Multi Asset Fund	N	19	19	38	53	21
	%	12.67	12.67	25.33	35.33	14.00

The Table 10 exhibits that the Kotak Multi Asset Allocator FoF – Dynamic fund is preferred very much by the 38.0% (57) of the respondents. Secondly, the very high level of preference is found with ICICI Prudential Multi Asset Fund by 53 (35.33%) respondents. High percentage of the sample respondents moderately prefer (39.33%) Tata Multi Asset Opportunities Fund. Very few number of respondents only in the very low level of preference for the hybrid funds.

Tax Implications

Those hybrid funds will be taxed similarly to equity funds if they invest at least 65 percent of their assets in equity and equity-related instruments. On the other hand, hybrid funds that invest less than 65 percent of their assets in equity and equity-related instruments will be taxed similarly to debt funds. In most cases, the tax ramifications are calculated based on the average asset allocation of the fund over the last year, which determines where the fund has invested its money. However, given the fluid nature of the market and the fact that the proportion of assets allocated to equities might rise or fall depending on the state of the economy and the market, the question remains: Therefore, the tax treatment of the particular fund will differ appropriately, and it will be based on the asset allocation that the fund maintains.

Conclusion

The research was carried out using different hybrid mutual funds, which are often composed of both equity and debt holdings. The hybrid fund served as the basis for this study. An aggressive mutual fund is one that invests primarily in equities and so has a higher level of risk. The bulk of the holdings in conservative mutual funds are debt or fixed income funds; the equity element of these funds is just a very tiny fraction of the total assets. This makes conservative mutual funds low risk and low volatile. However, when considering the rate of return, conservative mutual funds provide a higher rate of return for low risk, while aggressive mutual funds, which make up the bulk of funds, offer a negative rate of return for high risk. The mutual fund industry is tremendously growing. A large number of plans have come up from different financial resources in India. The study shows that the awareness level of mutual fund among the investors are very low because of only having the partial knowledge about the mutual fund which prevent them to invest in mutual fund to avoid risk bearing factor and fear of losing money.

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