

Abstract

The kind of research this study deals with is perhaps unique for Indian Mutual Funds.

According to a survey 93% of the mutual fund investors are salaried or self-employed, in which 43% were retired. So the majority of the investors spend their earnings or savings on mutual funds, keeping in mind the objective and the risk associated with it.

For our study we used Return Based Style Analysis to find the actual investment style of the funds as Asset Management Companies (AMCs) tend to deviate from their stated objective in order to realize short term gains.

We found that there is considerable evidence that mutual funds try to maximize at the expense of the investors by deviating from the stated objective. This can be a problem for the investors as it can drastically change the risk and return of the portfolio.

Thus the findings of this study suggest that the investor should closely and regularly monitor the investment style of the funds, in order to protect themselves against higher risk.