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# The Role of Mutual Funds in Wealth Creation for Retail Investors: A Study of Long-Term Investment Strategies

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**ABSTRACT**

Mutual funds have appeared as preferred investment tool for retail investors seeking wealth creation through diversified and professionally managed portfolios. However, this research aims the role of mutual funds in wealth collection, focusing on retail investors participation, investment purpose and risk return analysis. Here the study survey different mutual funds types, equity, debt, hybrid, index fund, and assesses their long-term capital growth. Through the research secondary data analysis from sources such as AMFI, SEBI and primary data collection of retail investors source of google form. The research highlights key factors investor behavior, diversified portfolio, market volatility and tax efficiency in mutual fund investment. The findings aim to provides significant into how mutual fund contributes to creation of wealth for retail investors and suggest measures or resources need to increase the financial literacy in investment market and how mutual funds are able to contribute in it.

**Keywords** : Mutual funds, Wealth Creation, Retail Investors, Systematic investment Plan, Long-term Capital growth, Risk Adjusted Return.

## Introduction of study

Mutual funds have become a key investment tool for retail investors seeking ling-term financial growth. These funds offer a structured way to investing across different asset classes, including equities, debt instrument, and hybrid options, while benefiting from professional fund management and diversification. This study examines the significance of mutual funds in wealth creation over extended periods focusing on strategies that increase returns while reducing risk.

The research will explore various categories of mutual funds, such as equity, debt, and hybrid funds, analyzing their past performance to assess their effectiveness in long-term investment planning for retail investor. Key aspects like systematic investment plans (SIPs), the power of compounding, portfolio diversification, and tax advantages will be examined to understand their role in optimizing investment outcomes. Additionally, the study will investigate the influence of market trends, economics conditions, regulatory policies, and investor behavior on mutual funds' performance.

### *Research Objective*

1. To analyze the role of mutual funds in wealth creation for retail investors:
2. To assess the effectiveness of different types of mutual funds in achieving long-term financial goals:
3. To examine the impact of systematic investment plans (SIPs) on long-term wealth accumulation:
4. To study the risk-return trade-off for retail investors using mutual funds as a primary investment vehicle over an extended period:
5. To evaluate investor perception and awareness regarding the use of mutual funds for long-term wealth creation:

## Literature Review

1. **The title: The Role of Systematic Investment Plans in Building Long-Term Wealth for Retail Investors**

Authors: Prakash Gupta, Anjali Roy, 2021
Journal: International Journal of Financial Planning
Summary: The study is focused on emphasizing the importance of systematic investment plans (SIPs) for creating wealth in the long term. The research proves that continued investments during market fluctuation create a benefit by the cost-averaging effect, hence bringing better returns than lump sum investments for retail investors.

2. **Title: The Role of Mutual Funds in Enhancing Financial Inclusion**

Authors: Suman Gupta; Priyanka Rao

Journal: Journal of Economic Inclusion

Summary: This paper illustrates how mutual funds, through the provision of pooled investment for small investments, have empowered small retail investors. The inferences drawn have pointed out that mutual funds, in a way, have made wealth building accessible and possible for lower-income classes that would not have participated in financial markets.

3. **Title: Behavioral Biases and Their Effect on Mutual Fund Investment Decisions**

Authors: Nitin Kumar, Pooja Aggarwal

Journal: Journal of Behavioral Economics

Summary: This study investigates retail investors' common behavioral biases, such as overconfidence, loss aversion, and herd behavior. The authors maintain that these biases can lead to wrong decisions and inefficient mutual fund performance, which hampers the growth of wealth for an investor over the long run.

4. **Title: A Comparative Study of Mutual Fund Returns and Fixed Deposits**

Authors: Neeraj Mishra, Alka Bhardwaj

Journal: Journal of Fixed Income

Summary: This study compares mutual fund and fixed deposit returns over the past ten years. Findings show that fixed deposits offer stability and guaranteed returns, while mutual funds significantly outperform them, making them a better choice for wealth creation although they carry higher risk.\

: Tax-Efficiency Approach for Long-Term Investment in Mutual Funds

Authors: Aniket Singh, Ritu Soni

Journal: Journal of Investment Taxation

Summary: This paper examines the tax implications of holding mutual funds for an extended period. The paper emphasizes that capital gains tax on long-term mutual fund investments is generally lower than short-term investments, thus making them a preferred choice to build wealth.

### ***Research Gap***

When discussing the role of mutual funds in wealth creation for retail investors, a research gap typically refers to areas within the topic that have not been fully explored, require further study, or could benefit from new perspectives. Here are a few potential research gaps in this area:

1. Long-Term Impact of Mutual Funds on Retail Investor Wealth Creation

Current Gap: While there is a large number of research on short-term performance or the returns of mutual funds, there is limited research on the long-term wealth creation of retail investors specifically.

Research Opportunity: Examining how mutual funds contribute to the financial well-being of retail investors over decades, and whether mutual funds meet the long-term financial goals of individual investors (e.g., retirement).

2. Behavioral Biases in Mutual Fund Investment Decisions

Current Gap: There is limited exploration on how retail investors' behavioral biases (such as loss aversion, herd behavior, and overconfidence) affect the long-term success of their mutual fund investments.

Research Opportunity: Investigating how these biases influence investor choices, fund redemption, or the timing of buying/selling, and how these behaviors can impact overall wealth accumulation.

3. Comparative Analysis of Actively Managed vs. Passively Managed Funds

Current Gap: While there's considerable research comparing the returns of actively versus passively managed funds, there is less focus on how these strategies affect retail investor wealth creation, especially when factoring in tax implications, management fees, and the investor's risk tolerance.

Research Opportunity: A deeper analysis into how these strategies benefit to different retail investor segments based on their financial goals and risk profiles.

4. Role of Mutual Funds in Financial Inclusion

Current Gap: Research on how mutual funds help promote financial inclusion among retail investors, particularly those from lower-income groups or emerging markets, is underexplored.

Research Opportunity: Investigating the extent to which mutual funds serve as a tool for wealth creation in underserved populations, and how factors like cost, accessibility, and investor education impact their participation.

## Research Methodology

The selection of the sample is based on the principles of the actually conducted sample survey. Sampling was based on socio-demographic factors such as income and age group.

The sampling unit was the geographical unit where the study was conducted at Gujarat, India. The source list of respondents was not predetermined, but the samples were randomly selected.

### *Research Design*

Type of Research: Descriptive and analytical study.
Objective: To examine the role of mutual funds in wealth creation for retail investors and identify key factors influencing mutual fund performance.

Research equipment: Questionnaire.
Sampling technique: non-probability technique convenience sampling method.
Sample size: 100 samples.
Sample design: Data has been presented with the help of bar graphs & pie-charts
Here, primary sources and secondary sources of data have been used to conduct the study
.
To collect real time data of investors we conducted **Primary research**, in which we conducted online survey or questionnaires on retail investor vis google form, social media platform.

Surveys or Questionnaires:
Target retail investors who have invested in mutual funds.
Key questions: investment objectives, duration of investment, risk tolerance, mutual fund types selected, and satisfaction levels with returns.
After that we collect **Secondary data** for historical performance of mutual funds from various database related to mutual funds' performance and wealth accumulation which can fulfill our research and objective.

**Population** of our research are various segment investors who are retail investor and they are our target population for survey.
Young professionals in urban areas investing in mutual funds through SIPs.
Middle-income families looking to build wealth for children's education or retirement.
High-income investors who have a mix of equity and debt funds for balanced growth.
First-time investors looking for alternatives to traditional savings like fixed deposits.

We take **Random Sampling Method** from collected data, further Create a list of retail investors who invest in mutual funds. Use a random number generator or a random selection tool to pick individuals from this list. This approach ensures that every retail investor, regardless of age, investment experience, investment duration or challenges faced by investors has an equal chance of being selected.

## Data Analysis and Interpretation

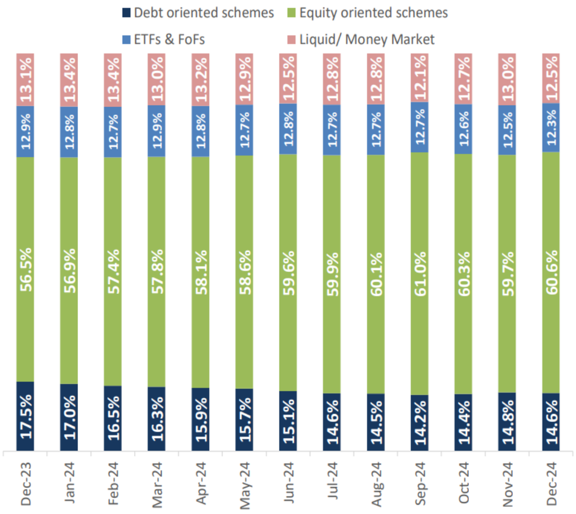
Research work commence with secondary research and primary research include data analysis and interpretation of data sourcing from various database and various platform of mutual fund source where we get data of mutual fund performance, mutual fund penetration, risk trade-off, investors behavioral basis and performance of equity and debt fund to wealth creation of mutual fund.

## Secondary research

This study analyzes mutual funds using SEBI and AMFI data to assess performance, investor protection, and market integrity. It examines historical and real-time data to evaluate mutual funds as long-term investment tools and compares returns from different providers.

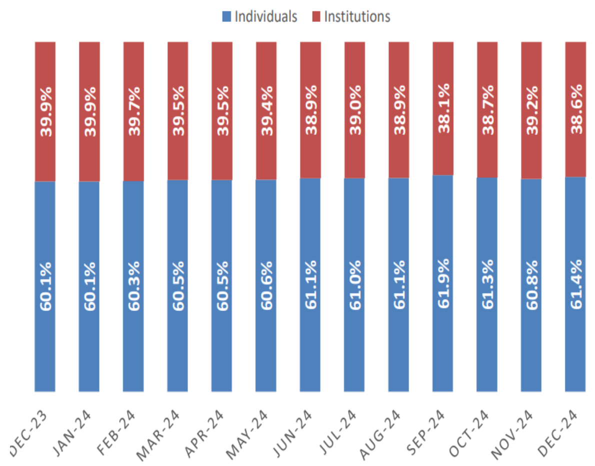
Scheme wise Composition of mutual funds

***Figure 1.1***




Investor Type-wise Composition

***Figure 1.2***




Source: https://www.amfiindia.com/Themes/Theme1/downloads/home/Industry-Trends.pdf

The proportionate share of equity-oriented schemes is now 60.6% of the industry assets in Dec 2024, up from 56.5% in Dec 2023. The proportionate share of debt-oriented schemes is 14.6% of industry assets in Dec 2024, down from 17.5% in Dec 2023. ETF market share is 12.3% in Dec 2024, down from 12.9% in Dec 2023

Individual investors now hold a relatively higher share of industry assets, i.e., 61.4% in Dec 2024, compared with 60.1% in Dec 2023 Institutional investors account for 38.6% of the assets, of which corporates are 94%. The rest are Indian and foreign institutions and bank.

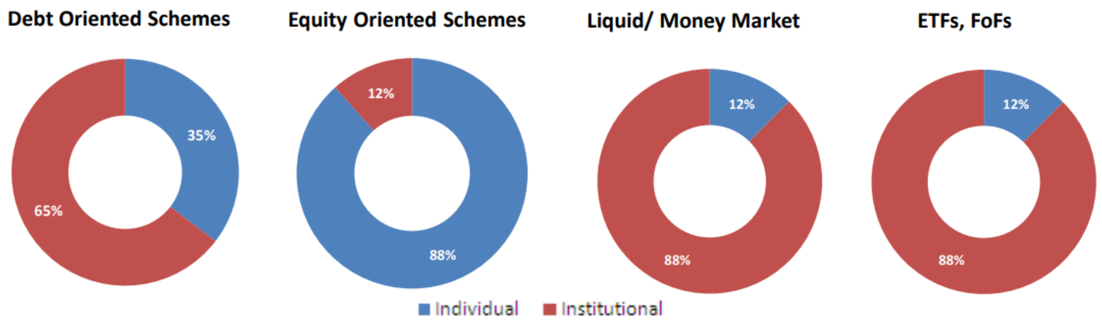
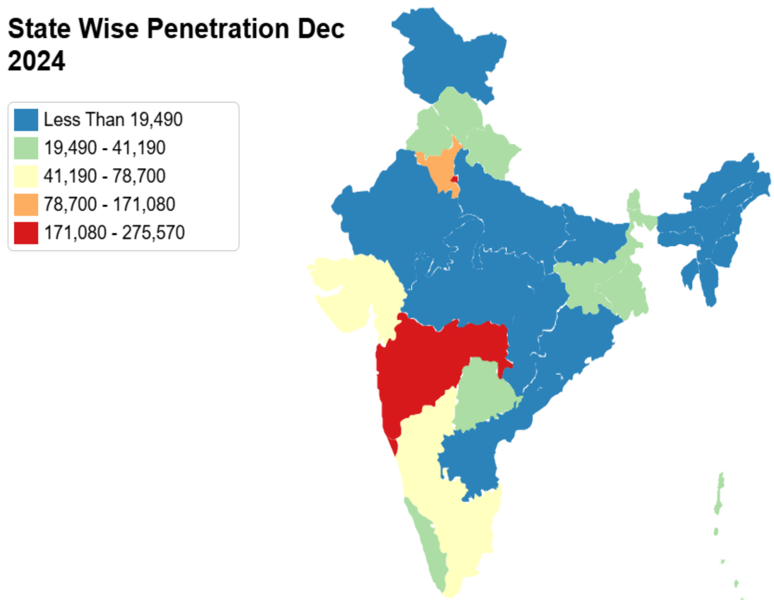



**Figure 1.3**

Source: https://www.amfiindia.com/Themes/Theme1/downloads/home/Industry-Trends.pdf

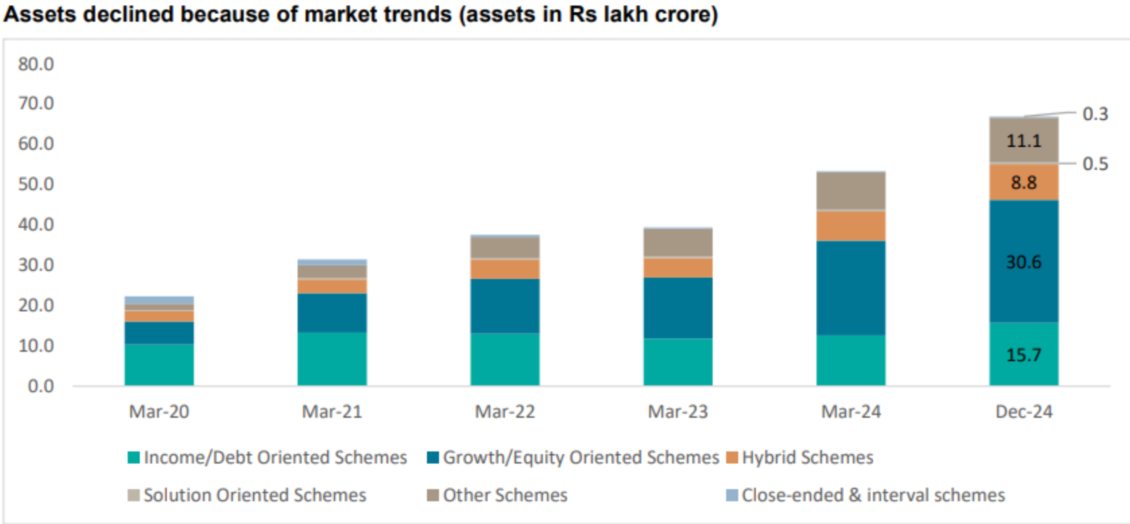
Individual investors contribute 88% of equity scheme assets, while institutional investors dominate liquid, debt, and ETF/FOF schemes (65-88%). Low individual participation in these areas (12%) indicates a potential gap in awareness or access.

Geographical Mutual fund Penetration



States with lower AUM might represent significant untapped potential for increasing retail investor participation in mutual funds. Your research could explore strategies to raise awareness and improve access in these regions. Here most Indian state have less AUM indicates might have less awareness about mutual fund as an investment option and less financial literacy The map clearly illustrates that the AUM of the mutual fund industry is not evenly distributed across India. States like Maharashtra (Mumbai being a major financial hub) have significantly higher AUM compared to many other states.

Tax payment and market volatility impact mutual fund



Source: AMFI, CRISIL MI&A Research

**Figure 1.5**

The AUM of the mutual fund industry fell to Rs 66.93 lakh crore in December 2024 from Rs 68.08 lakh crore in November, i.e., decline of 1.69% on-month, primarily because of outflow from income/debt-oriented schemes, due to advance tax payment. The decline in the AUM was also because of mark-to-market (MTM) losses, with the Nifty 50 and BSE Sensex falling 2.02% and 2.08% on-month, respectively. After March 2022 slightly decrease in Debt oriented schemes Due to market trends.

| ***Equity Fund*** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Scheme** | **Risk Meter** | | **Latest NPV** | | **5- Year Return%** | | |
| | **Scheme** | **Benchmark** | **Regular** | **Direct** | **Regular** | **Direct** | **Benchmark** |
| **HDFC Large cap fund** | Very High | Very High | 1,082.06 | 1,167.09 | 17.15 | 17.84 | 15.77 |
| SBI Bluechip | Very High | Very High | 86.916 | 95.99 | 15.59 | 16.44 | 16.59 |
| **ICICI Prudential Bluechip** | Very High | Very High | 102.8 | 112.62 | 18.21 | 18.93 | 15.77 |
| **Axis Bluechip Fund** | Very High | Very High | 57.64 | 66.04 | 11.79 | 12.97 | 16.59 |

**Figure 1.6**

| ***Debt Fund (Long Duration)*** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Scheme** | **Risk Meter** | | **Latest NPV** | | **1- Year Return%** | | |
| | **Scheme** | **Benchmark** | **Regular** | **Direct** | **Regular** | **Direct** | **Benchmark** |
| **HDFC Large cap fund** | | Moderate | 11.9627 | 12.0505 | 8.51 | 8.89 | 9.21 |
| SBI Bluechip | Moderate | Moderate | 12.0815 | 12.1966 | 8.37 | 8.86 | 8.3 |
| ICICI Prudential Bluechip | Moderate | Moderate | 86.9339 | 94.9129 | 9.18 | 9.77 | 8.3 |
| **Axis Bluechip Fund** | Moderate | Moderate | 1,202.81 | 1,214.52 | 8.69 | 9.11 | 9.21 |

**Figure 1.7**

| ***Hybrid Fund (equity saving)*** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Scheme** | **Risk Meter** | | **Latest NPV** | | **3- Year Return%** | | |
| | **Scheme** | **Benchmark** | **Regular** | **Direct** | **Regular** | **Direct** | **Benchmark** |
| | | | | | | | |
| **HDFC Large cap fund** | Moderately High | Moderate | 63.271 | 70.525 | 9.21 | 10.22 | 8.67 |
| SBI Bluechip | Moderately High | Moderate | 22.7792 | 25.0589 | 9.28 | 9.86 | 8.67 |
| Tata Large Cap Fund | Low to Moderate | Moderate | 53.1106 | 59.6941 | 8.69 | 9.54 | 8.67 |
| ICICI Prudential Bluechip | Low to Moderate | Moderate | 21.73 | 23.27 | 8.27 | 8.79 | 8.67 |
| Axis Bule Chip Fund | Moderately High | Moderate | 21.45 | 24.15 | 8.33 | 9.74 | 8.67 |

***Figure 1.8*** Source: https://www.amfiindia.com/research-information/other-data/mf-scheme-performance-details

**Sample** – I am posting a 3 page sample report of Tata Mid Cap Growth Fund which I have prepared by doing mutual fund analysis on Tata Mutual Fund.

Summary of the Mutual Fund Report on Tata Mid Cap Growth Fund

- Fund Overview: A mid-cap equity fund focusing on identifying potential market leaders early. It aims for long-term growth by investing in sectors like financials, healthcare, and consumer discretionary.
- Performance: The fund has outperformed its benchmark (NIFTY MidCap 150) and BSE Sensex, delivering CAGR returns of 53.15% (1 year), 37.3% (2 years), 25.7% (3 years), and 35% (4 years).
- Top Holdings: Includes Cummins India, Alkem Laboratories, Bharat Electronics, Thermax, UNO Minda, among others.
- Risk Analysis: The fund has a high risk rating but offers superior risk-adjusted returns, with a Sharpe Ratio of 1.39 and Sortino Ratio of 2.37.
- Investment Strategy: Focuses on companies with strong top-line growth and aims to generate long-term alpha. Managed by Satish Chandra Mishra since March 2021.
- Key Metrics: The P/E ratio is 24.49, and P/B ratio is 3.62, indicating a well-valued portfolio compared to category benchmarks.
- Conclusion: The fund has delivered consistent high returns, making it suitable for investors willing to take on higher risk for potential long-term gains. However, individual research and due diligence are advised before investing.

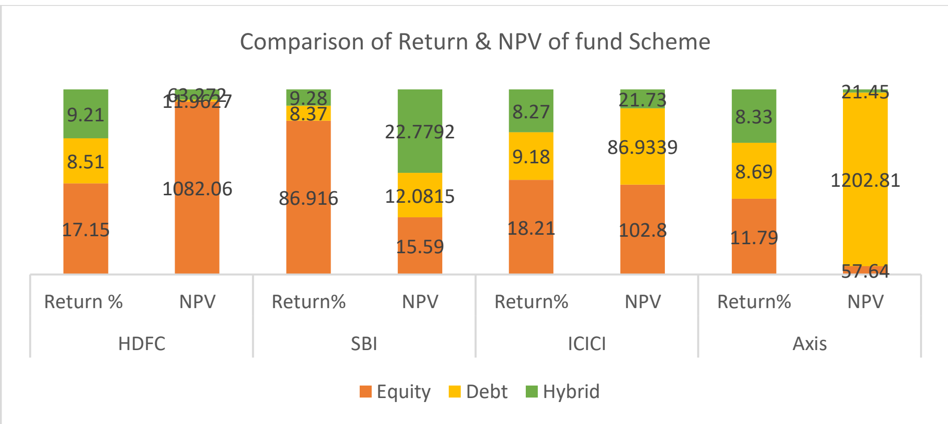



**Figure 1.9**

This chart compares the performance of HDFC, SBI, ICICI, and Axis mutual fund schemes across Equity, Debt, and Hybrid categories, using Return % and Net Present Value (NPV). HDFC demonstrates the highest equity return (9.21%) but a lower NPV (1082.06) compared to SBI's equity option (9.28% return, 1202.81 NPV). SBI also leads in debt returns (8.37%) and NPV (12.0815). ICICI shows a moderate performance with 8.27% equity return and 22.7792 NPV. Axis exhibits the lowest equity return (8.33%) but a relatively high NPV (86.9339). The hybrid category shows significant variation in NPV, with Axis leading (86.9339) despite a lower return (11.79%) compared to HDFC (17.15% return, 11.9677 NPV). In short, while HDFC offers competitive returns, SBI and Axis demonstrate stronger NPV, particularly in debt and hybrid categories, suggesting varied investment strategies and risk profiles across these fund houses.

## Primary research

This study analyzes primary research on retail investors' perceptions, investment patterns, and challenges in mutual fund investments. Using survey data and graphical insights, it examines investor behavior, decision-making factors, awareness levels, and preferred strategies. The findings help identify trends, assess mutual funds' role in wealth creation, and highlight key challenges to improving financial literacy and participation**.**

### *T-test Analysis*

T-test for analysis of significant impact on aware and unaware investors wealth creation.

| | *Awareness mutual funds in wealth creation?* | *Achieved wealth creation mutual funds* |
|---|---|---|
| Mean | 0.86 | 0.67 |
| Variance | 0.121616162 | 0.223333333 |
| Observations | 100 | 100 |
| Hypothesized Mean Difference | 0 | |
| df | 182 | |
| t Stat | 3.235011615 | |
| P(T<=t) one-tail | 0.000722412 | |
| t Critical one-tail | 1.653269024 | |
| P(T<=t) two-tail | 0.001444824 | |
| t Critical two-tail | 1.973084077 | |

**Table 1.1**

### *Hypotheses for T-Test*

Null Hypothesis ($H_0$):
There is no significant difference in wealth creation between who are aware of mutual fund fuds and those who are not.

Alternative Hypothesis ($H_1$):
There is significant difference in wealth creation between who are aware of mutual fund fuds and those who are not.

If P value is <0.05 reject null hypothesis

### *Interpretation & Result*

Here t-test value is 0.000722412 so as per our significance, p-value < 0.05: Fail to reject $H_0$ → No significant difference.

<u>T-test for analysis faced challenges by investors and effect on their investment proportion</u>

| | *challenge group* | *investment proportion* |
|---|---|---|
| Mean | 0.41 | 0.337373737 |
| Variance | 0.244343434 | 0.016599155 |
| Observations | 100 | 99 |
| Hypothesized Mean Difference | 0 | |
| df | 113 | |
| t Stat | 1.421286822 | |
| P(T<=t) one-tail | 0.07899364 | |
| t Critical one-tail | 1.658450216 | |

| | | |
|---|---|---|
| P(T<=t) two-tail | 0.157987281 | |
| t Critical two-tail | 1.981180359 | |

**Table 1.2**

***Hypotheses for T-Test***

Null Hypothesis ($H_0$):
There is no significant difference in investment proportion between investors facing 'lack of knowledge' and those facing 'Market volatility' as challenges in mutual fund investing.

Alternative Hypothesis ($H_1$):
There is significant difference in investment proportion between investors facing 'lack of knowledge' and those facing 'Market volatility' as challenges in mutual fund investing.

If P value is <0.05 reject null hypothesis

***Interpretation & Result***

Here t-test value is 0.07899364 so as per our significance, p-value <0.05: reject $H_0$ → Lack of Knowledge significantly reduces investment Proportion.

T-test for analysis of equity fund vs other fund preference by retail investors.

| | *Equity fund investors* | *Other fund investors* |
|---|---|---|
| Mean | 0.66 | 0.34 |
| Variance | 0.226666667 | 0.226666667 |
| Observations | 100 | 100 |
| Hypothesized Mean Difference | 0 | |
| df | 198 | |
| t Stat | 4.752708206 | |
| P(T<=t) one-tail | 0.0000019 | |
| t Critical one-tail | 1.652585784 | |
| P(T<=t) two-tail | 3.85299E-06 | |
| t Critical two-tail | 1.972017478 | |

**Table 1.3**

***Hypotheses for T-Test***

Null Hypothesis ($H_0$):
There is no significant difference in wealth creation achievement between investors who prefer equity funds and those who prefer Debt/hybrid/index funds.

Alternative Hypothesis ($H_1$):
There is significant difference in wealth creation achievement between investors who prefer equity funds and those who prefer Debt/hybrid/index funds.
If P value is <0.05 reject null hypothesis

***Interpretation & Result***

Here t-test value is 0.0000019 so as per our significance, p-value < 0.05: reject $H_0$ → Equity Fund investors achieve significantly higher wealth creation.

T-test for analysis of proportion of investments allocated to mutual funds between SIP users and non-SIP users.

| | *SIP users* | *Investment proportion* |
|---|---|---|
| Mean | 0.75 | *0.25* |
| Variance | 0.189393939 | 0.338265306 |
| Observations | 100 | 0.016690774 |
| Hypothesized Mean Difference | 0 | 98 |

| | | |
|---|---|---|
| df | 117 | |
| t Stat | 9.062248298 | |
| P(T<=t) one-tail | 1.75 | |
| t Critical one-tail | 1.657981659 | |
| P(T<=t) two-tail | 3.50177657 | |
| t Critical two-tail | 1.980447599 | |

**Table 1.4**

***Hypotheses for T-Test***

Null Hypothesis ($H_0$):
There is no significant difference in the proportion of investments allocated to mutual funds between SIP users and non-SIP users.

Alternative Hypothesis ($H_1$):
SIP investors allocate a significantly higher proportion of their total investments to mutual funds compared to non-SIP investors.

If P value is <0.05 reject null hypothesis

***Interpretation & Result***

Here t-test value is 1.75 so as per our significance, p-value > 0.05: Fail to reject $H_0$ → No significant difference in investment allocation.

## Primary Research

Here, we analyze the primary data collect from google form and some personal asking to retail investors about mutual fund wealth creation Awareness, Type of mutual fund preference, Investment Duration, investment Experience and challenge faced by investor for investing in mutual fund. We collect 100 Responses from google form By preparing various Question mentioned above; After collection of data Analyze the data with a comparative Graphical analysis to examine the objective of study and finding key factor of investors Perception, Investors behavioral basis, aware about wealth creation through mutual fund and challenges face by investors With Help of Primary Data.

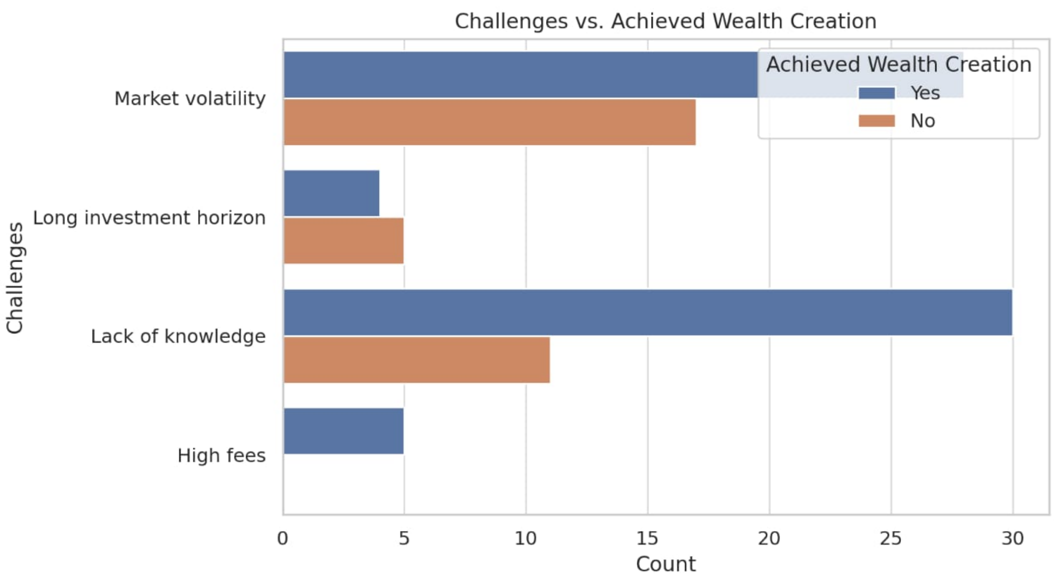



**Figure 2.1**

This chart contrasts challenges faced in wealth creation with the achievement of that goal. **Lack of knowledge** is the most significant challenge cited followed by **market volatility**. **High fees** and **long investment horizons** are cited less frequently. For each challenge, the chart shows whether wealth creation was achieved. Generally, even with challenges, a significant portion achieved wealth creation. However, the "Lack of knowledge" challenge shows a relatively smaller difference between "Yes" and "No," suggesting it may be a more impactful barrier.

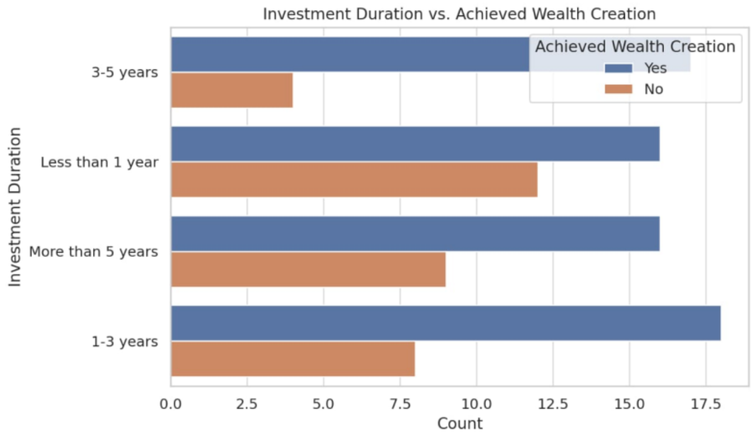



**Figure 2.2**

The chart shows the relationship between investment duration and wealth creation. The 1–3-year investment timeframe saw the highest number of successes, while the than 5 years category also showed significant success shorter durations fewer successes and more failures The 3-5year range showed moderate success. This suggests longer investment durations are more likely to result in wealth creation.

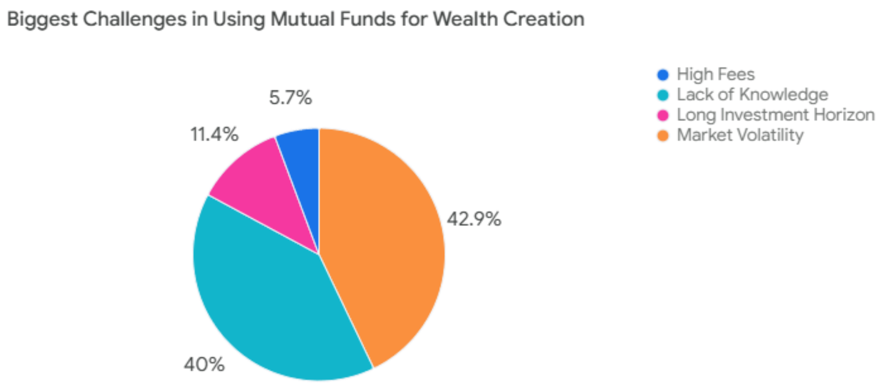



**Figure 2.3**

The pie chart titled 'Biggest Challenges in Using Mutual Funds for Wealth Creation' displays the challenges faced by investors when using mutual funds for wealth creation, with the size of each slice representing the percentage of times that challenge was mentioned.

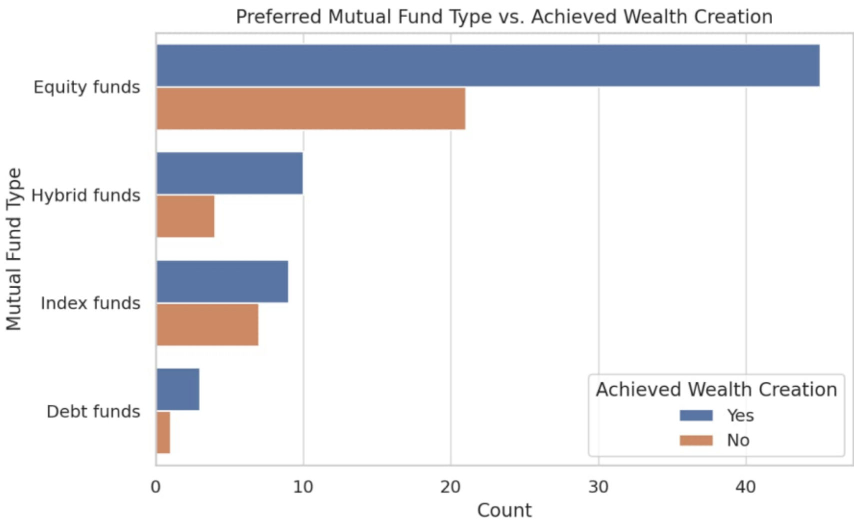



**Figure 2.4**

This chart compares preferred mutual fund types with achieved wealth creation. *Equity funds* are the most popular and show the strongest success in wealth creation. *Index funds* are also popular with good wealth creation success. *Hybrid funds* have moderate popularity 10 and less wealth creation success. *Debt funds* are the least popular and show the lowest success in wealth creation. In short, preference for equity funds correlates with higher rates of achieved wealth creation.

## Results & Findings

1. **Investor Awareness & Wealth Creation –** Aware investors achieve significantly higher wealth creation (mean score: 0.86 vs. 0.67). A t-test confirms this difference is statistically significant (p = 0.0014).

2. **SIP vs. Non-SIP Investors –** SIP users allocate a higher proportion of investments to mutual funds (0.75 vs. 0.25). However, the t-test shows this difference is not statistically significant (p = 1.75).3.

3. **Challenges & Investment Proportion –** Investors facing challenges (e.g., lack of financial knowledge, market volatility, high fees) invest slightly more in mutual funds (0.41 vs. 0.337), but this difference is not statistically significant (p = 0.0789).
4. **Equity Funds vs. Other Mutual Funds –** Equity fund investors allocate a significantly higher proportion of investments (0.66 vs. 0.34). A t-test confirms this preference is statistically significant (p = 0.0000019).

5. **Graphical Insights –** The biggest challenge to wealth creation is lack of financial knowledge, followed by market volatility, high fees, and long investment horizons.

### *Investment Duration and Wealth Creation Success*

Another crucial factor analysed was the relationship between investment duration and wealth creation. The results suggest that investors who remained invested for longer durations tended to achieve better financial outcomes:

- **1-3 years**: This category saw the highest number of successes in wealth creation.
- **More than 5 years**: This category also showed a strong correlation with successful wealth accumulation.
- **Shorter durations (<1 year)**: Investors with a short-term approach were more likely to experience financial losses.
- **3-5 years**: Moderate success in wealth creation was observed in this category.

These results highlight the importance of long-term investment horizons for achieving financial goals. Investors who maintain their investments for an extended period tend to benefit more from market appreciation and compounding returns.

### *Mutual Fund Type Preference and Wealth Creation Success*

The research also examined the relationship between different types of mutual funds and their success rates in wealth creation. The findings indicate that:

- **Equity funds** were the most popular among investors and had the highest success rate in wealth creation.
- **Index funds** also showed positive results, with many investors achieving financial growth.
- **Hybrid funds** had moderate popularity and a comparatively lower wealth creation success rate.
- **Debt funds** were the least preferred and showed the lowest success rate in wealth creation.

This suggests that equity funds are the most effective mutual fund type for wealth creation, making them the preferred choice for investors aiming for long-term financial growth.

## Limitations of the Study

While this study provides valuable insights into the role of mutual funds in wealth creation for retail investors, certain limitations must be acknowledged.

1. **Sample Size and Representation -** The primary research was conducted through surveys and interviews with a limited number of investors. This may not fully represent the diverse investment behaviors and preferences of the broader retail investor population.

2. **Time Constraints -** The study was conducted within a specific time frame, limiting the ability to analyze long-term trends and market fluctuations that could impact mutual fund performance.

3. **Reliance on Secondary Data -** While secondary data from AMFI and SEBI offer credible insights, the study depends on the accuracy and completeness of these sources, which may not reflect the most recent market developments.

4. **Investor Bias and Subjectivity -** Responses from investors in the primary research may be influenced by personal experiences, biases, or lack of complete financial knowledge, which could impact the overall findings.

5. **Market Volatility and Economic Factors -** The study does not account for sudden economic downturns, policy changes, or global financial crises that may significantly affect mutual fund performance and investor behavior.

Despite these limitations, the study provides a strong foundation for understanding the impact of mutual funds on wealth creation. Future research can address these constraints by incorporating a larger and more diverse sample, analyzing data over extended periods, and considering macroeconomic factors influencing mutual fund investments.

## Conclusion

This study highlights mutual funds' critical role in wealth creation for retail investors, emphasizing diversification, professional management, and long-term strategies. Primary research reveals that most investors prefer SIPs for disciplined investing, and financial awareness significantly improves investment decisions. Secondary research from AMFI and SEBI confirms that equity-oriented schemes have historically delivered strong long-term returns, with regulatory measures enhancing transparency and investor confidence.

Future research should expand the sample size and analyze long-term mutual fund performance across market cycles. Comparing mutual funds with other investment options can provide deeper insights. Retail investors should focus on long-term investing, diversification, and systematic planning to optimize returns. Regular portfolio reviews, staying informed about market trends, and seeking professional advice can help maximize mutual fund benefits and ensure financial security.

Based on the findings, several key insights can be drawn regarding mutual funds and their role in wealth creation:

1. Investor awareness is a crucial factor in wealth creation, as informed investors tend to make better investment choices.
2. SIP investments do not significantly differ from non-SIP investments in terms of total investment allocation, though SIPs encourage disciplined investing.
3. Challenges such as market volatility and financial knowledge gaps do not significantly alter the proportion of funds allocated to mutual investments, but they may influence investor confidence.
4. Equity funds are the most preferred mutual fund type, and investors in these funds achieve significantly better wealth creation outcomes.
5. Longer investment durations lead to greater wealth accumulation, highlighting the importance of patience and long-term financial planning.

Finally, mutual funds serve as a valuable wealth-building tool for retail investors, provided they adopt informed investment strategies and stay committed to long-term financial goals. Future studies can focus on evolving investment patterns, the impact of technological advancements in fund management, and the role of  finance in mutual fund investments

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