



INVESTOR BEHAVIOR AND MARKET TRENDS AT NIPPON MUTUAL FUNDS

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ABSTRACT: This inquiry looks on investor behavior and market developments in regard to Nippon India Mutual Funds. It explores how people's perceptions of risk, income, and financial literacy affect their investment decisions. According to the survey, systematic investment plans (SIPs) are becoming increasingly popular among individual investors. When markets are upbeat, investors choose equities funds; nevertheless, for stability, they prefer debt and hybrid funds. When choosing a fund, it is critical to consider the economy and the stock market. Young investors can now participate and be involved more easily thanks to digital means. Investor confidence is heavily influenced by brand trust and historical success. According to the findings, there is a shift toward investing with long-term goals in mind. **Keywords:** investor behavior, market trends, Nippon India Mutual Fund, risk perception, income levels, financial literacy, and investment opportunities.

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1. INTRODUCTION

Behavioral analysis is a finance subject that studies the prediction, comprehension, description, and clarification of individual investor behavior and market outcomes, which are influenced by a wide range of biological and environmental factors. It improves our understanding of investor behavior, including the impact of emotions, social variables, and cognitive biases. It assists traders in identifying patterns.

Investing is more than just examining financial statements, statistics, and facts. It also includes understanding the elements that influence investors' decisions and behavior. In today's quickly changing financial scene, understanding investor behavior is more important than ever. This knowledge can help investors make better investing selections, avoid frequent

mistakes, and accomplish their financial goals.

Investor behavior is influenced by a range of elements, including emotions, cognitive fallacies, and social considerations. Emotions can have a huge impact on an investor's actions, which can be favorable or harmful. You may make terrible financial judgments out of fear, greed, or panic. Nonetheless, investors' optimism and confidence may lead them to take on excessive risk.

Another important factor influencing investor behavior is cognitive biases. Individuals use mental shortcuts, often known as heuristics, to make rapid and correct decisions. Nonetheless, hasty decisions may result in poor outcomes. Confirmation bias is the tendency to ignore information that contradicts our pre-existing ideas in favor of facts that



supports them. This may lead to investors making decisions based on insufficient or incorrect information.

Social characteristics can have a significant influence on investment behavior. Markets may exhibit herd-like behavior because people usually follow the herd. When investors fail to thoroughly assess the underlying facts and follow trends, herd mentality can cause asset bubbles and crashes.

Understanding the processes of financial markets and the reasons of price swings requires knowledge of investor behavior and market trends. Investor behavior is the paper of how individuals and organizations make decisions about the acquisition and disposal of assets. In addition to logical data analysis, these decisions are influenced by emotions like fear, greed, and overconfidence. Conventional finance holds that investors act rationally to maximize their returns; nevertheless, empirical data shows that psychological considerations frequently have a significant impact. Millions of people engage in these activities on a regular basis, causing market supply and demand to shift and patterns to emerge in volatility, trade volumes, and price variations.

Finally, these collective judgments produce discernible market patterns. When a trend exists, asset values tend to rise, fall, or move sideways. A variety of factors contribute to this, including the status of the economy, a company's performance, interest rates, geopolitical happenings, and investor expectations. Investors may make informed selections and understand the market's emotion by watching trends, which frequently indicate whether it is good or negative. Trends are important to understand because they influence risk

management, short-term trading, and long-term investing strategies. Additionally, they show how markets react to fresh data.

2. REVIEW OF LITERATURE

Freibauer, J. (2024): This paper looks on the long-term effects of mobile trading applications on investor behavior. The project uses panel data from individual investors to track swings in trading frequency and risk propensity. The findings show that using applications significantly improves portfolio turnover and trading activity. Investors are more focused on market news and short-term price movements. According to the report, people are becoming more confident and actively seeking new experiences. Research has shown that gamification components encourage speculative trading. This edited volume is edited by D. Bourghelle (2024) studies how behavioral biases affect asset pricing in financial markets. It includes studies completed by some of the most prominent professionals in the subject of behavioral finance. The chapters look at the impact of cognitive errors, investor emotions, and arbitrage limits on price. Stock, bond, and derivative markets create empirical evidence. The book investigates unusual phenomena such as momentum, collapses, and bubbles from a behavioral standpoint.

Amin, M. R. (2025): This essay looks at how digital trading platforms affect investor behavior and market results. The paper found that platform design characteristics are connected with increased trading activity and speculative participation. According to paper, certain investors are driven to participate in activities that mimic wagering because they are easily accessible. Overconfidence



and thrill-seeking are two increasingly prevalent behavioral biases. The inquiry looks into the effects of these efforts on market volatility and price dynamics. It also explores how the site is used by various populations. The findings show that financial inclusion and investor welfare are affected in different ways.

Cherif, M. S., & Mansour, N. (2025): This paper develops nonlinear goal programming models that incorporate investor behavioral preferences into portfolio selection. The authors include psychological elements such as risk tolerance and aspiration levels while optimizing. The model uses scenario-based estimates to account for future market changes. Nonlinear interactions show genuine trade-offs between behavioral goals, risk, and reward. Portfolios beat traditional mean-variance models in real-world tests. The strategy works for investors with a wide range of backgrounds. According to sensitivity testing, it performs satisfactorily under a wide range of market scenarios.

Raza, S., & Abbas, H. (2025): This essay analyzes how investor attentiveness affects market dynamics on the Pakistan Stock Exchange. We use attention proxies generated by internet queries and trading actions. According to the research, an increase in attention results in higher volume and short-term pricing pressure. Overvalued stocks are temporarily mispriced. The paper examines return reversals in response to attention surges. The results support the behavioral finance theories of salience and limited attention. Businesses that are smaller and less liquid are more vulnerable to these impacts.

Pereira, C. V., & Hans, V. B. (2025): This paper looks into the impact of behavioral

factors on capital market investment decisions. Pereira, C. V.; Hans, V. B. (2025) conducted the research. The authors use survey and empirical data to uncover key biases that influence investors. Loss aversion, herding, and overconfidence are the most important factors. The findings show that these biases have a considerable influence on asset selection and risk perception. Demographic parameters such as age and experience influence behavioral results.

3. ROLE OF INVESTOR BEHAVIOR IN MARKET EFFICIENCY

The efficacy of the stock market is heavily influenced by investor behavior. The way investors react to news and events can have a significant impact on market valuations. This is particularly true in the discipline of behavioral finance, which studies how psychology influences financial decision-making. Although behavioral finance is a relatively new topic of research, it has already provided useful insights into how investor behavior influences market efficacy.

Overconfidence Bias:

Overconfidence is one of the most common prejudices that might impact an investor's decisions. Many investors may take on too much risk or ignore key facts because they believe they are better than the ordinary investor at picking stocks. The dot-com boom was marked by a significant bubble and subsequent decline, since many people believed that any firm affiliated with the internet would be successful.

Anchoring Bias:

Anchoring is an extra bias that has the ability to impact investor behavior. This



bias occurs when investors place too much credence in the first piece of information they receive. For example, investors may remain convinced that a company is worth the initial price, even if additional information says otherwise.

Herding Behavior:

Herding behavior is another issue that can reduce market efficiency. This occurs when investors follow the advice of others rather than making their own decisions. Market collapses and bubbles can occur when investors make buy or trades based on the behavior of others rather than performing their own investigation.

Efficient Market Hypothesis:

According to the efficient market theory, financial market prices represent all available information. However, behavioral finance maintains that this is not always the case, as investors might act impulsively or make mistakes that reduce market efficiency.

Long-Term investment:

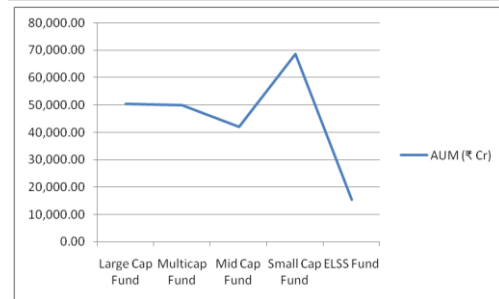
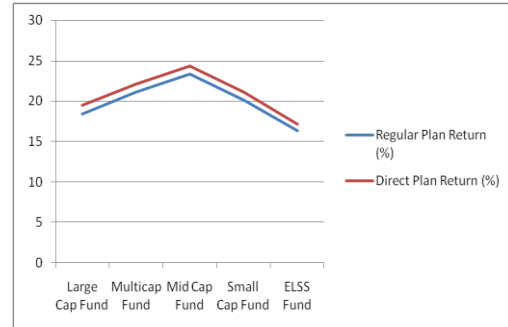
One strategy for mitigating the negative effects of investor behavior on market efficiency is to encourage long-term investments. Investors can help to stabilize markets and reduce volatility by focusing on long-term goals and rejecting the temptation to engage in short-term transactions driven by emotions or prejudices.

Investor behavior has a substantial impact on market functionality. Investors can improve market efficiency and make better decisions by understanding the various biases and routines that can influence their decisions. Investors can help create a more stable, less volatile, and lucrative financial future by focusing on long-term goals and avoiding rash decisions.

4. DATA ANALYSIS AND INTERPRETATION

Direct Plan vs Regular Plan – Return Comparison

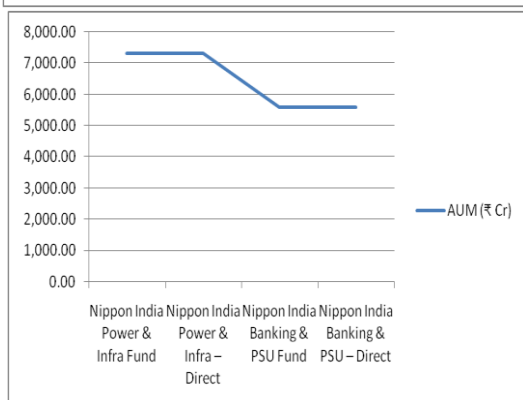
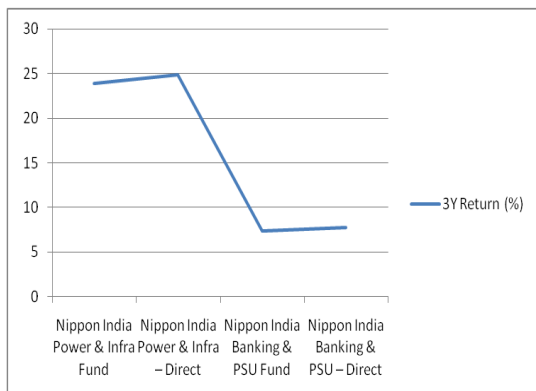
Scheme Category	Regular Plan Return (%)	Direct Plan Return (%)	AUM (₹ Cr)
Large Cap Fund	18.42	19.43	50,312.32
Multicap Fund	21.09	22.04	50,048.30
Mid Cap Fund	23.35	24.34	42,041.60
Small Cap Fund	20.09	21.05	68,571.85
ELSS Fund	16.33	17.11	15,519.07



INTERPRETATION: Large Cap Funds offer returns of 18.42% in the regular plan and 19.43% in the direct plan, with an AUM of ₹50,312.32 crore. Multicap funds generate returns of 21.09% and 22.04%, with an AUM of ₹50,048.30 crore. Mid-cap funds have an AUM of ₹42,041.60 crore and offer better returns of 23.35% (regular) and 24.34% (direct). Small-cap funds provide 20.09% and 21.05% returns, with a maximum AUM of ₹68,571.85 crore. ELSS Funds provide modest returns, with regular plans producing 16.33% and direct plans yielding 17.11%. Their AUM of ₹15,519.07 crore reflects their use for long-term asset accumulation and tax savings.

Sectoral & Thematic Funds Performance

Scheme	Risk	3Y Return (%)	AUM (₹ Cr)
Nippon India Power & Infra Fund	Very High	23.89	7,300.87
Nippon India Power & Infra – Direct	Very High	24.86	7,300.87
Nippon India Banking & PSU Fund	Moderate	7.33	5,582.11
Nippon India Banking & PSU – Direct	Moderate	7.76	5,582.11

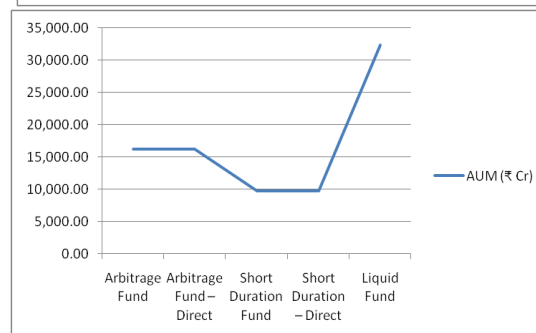
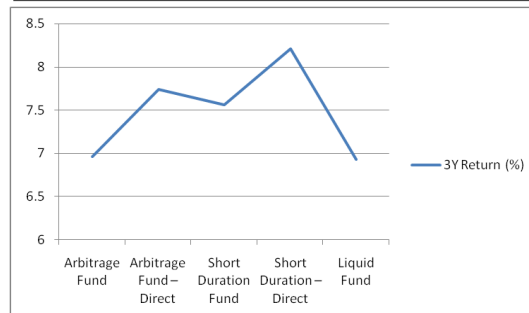


INTERPRETATION: Despite its exceptionally high risk profile, the Nippon India Power & Infra Fund has generated an amazing 3-year return of 23.89%. The Direct plan does much better, returning 24.86%. The total asset value (AUM) for both plans is ₹7,300.87 crore. On the other hand, the Nippon India Banking & PSU Fund is a moderately risky strategy that has returned 7.33% over three years. The Direct plan offers a slightly higher return, 7.76%. Both plans offer steady returns,

although with a lower AUM of ₹5,582.11 crore.

Low-Risk Funds – Stability Analysis

Scheme	Risk	3Y Return (%)	AUM (₹ Cr)
Arbitrage Fund	Low	6.96	16,259.48
Arbitrage Fund – Direct	Low	7.74	16,259.48
Short Duration Fund	Low to Moderate	7.56	9,795.78
Short Duration – Direct	Low to Moderate	8.21	9,795.78
Liquid Fund	Moderate	6.93	32,354.91



INTERPRETATION: The Arbitrage Fund has a low risk profile, yielding a 3-year return of 6.96% in the conventional plan and 7.74% in the direct plan. It manages ₹16,259.48 crore in total assets under management (AUM). The Short Duration Fund has low to moderate risk with an AUM of ₹9,795.78 crore. The conventional option returned 7.56%, whereas the direct option returned 8.21%. The Liquid Fund has a moderate level of risk, with an AUM of ₹32,354.91 crore and a 3-year return of 6.93%. This is clearly necessary for ensuring stability and liquidity.



5. CONCLUSION

Investor behavior is critical for identifying market trends since emotions, prejudices, and perceptions may have a greater influence on decisions than fundamentals. Price volatility, caused by fear during downturns and greed during upturns, can result in mispricing and short-term instability. Understanding human psychology allows investors to make better judgments, stay focused on long-term goals, and avoid frequent psychological traps that can diminish profits.

Simultaneously, adaptability and self-control are essential in light of changing market trends affected by globalization, technology, and the economy. Investors can better manage uncertainty and build strong portfolios by increasing financial knowledge, diversification, and disciplined investing. When behavioral knowledge is combined with sound investment methods, markets become more stable and individuals can acquire greater wealth over time.

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