Research Article

Individual Investors Perception Towards DiversifiedPortfolio

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Article History: Received: 11 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 23 May 2021

Abstract—One of the most important factors of an individual investors investment portfolio is the lack of diversification. Awide range of possible alternatives is available for an investorto invest in the financial market. All these investment avenues vary from each other and are not equally decisive. The pat-tern of investment differs from investor to investor based onthe reason behind the investment, withdrawal time, and risk- bearing capacity. The design and execution of a portfolio risk management program need not wait for all the bits of the puzzle to fall into place. Centralization of the portfolio managementfunction may not be considered an optimal solution. A successful implementation necessitates a careful, well-articulated strategy toevaluate and address the key issues across the entire spectrumof investment risk management. Data requirements, dictated by the analytical model selected, can be significant but establishing implementation priorities will avoid inertia on this front. The individual's decision of investment is prejudiced by the kind of services rendered and the benefits offered in the financialmarket. Financial knowledge and experience have an impact on the financial investment decision-making process. Investment Portfolio Diversification refers to selecting diverse classes of assets with the objective of risk minimization and returns/profit maximization. 94% of investors are preferring investments in Shares and 88% investors are investing in Bonds. 96% investors are holding mutual funds in their current portfolio. From recorded data it can be observed that, nowadays investors are inclined towards diversified investment portfolio.

Index Terms—Individual Investor, Investment Management, Shares, Mutual Funds, Bonds, Portfolio Diversification

I. INTRODUCTION

One of the most important factors of an individualinvestors investment portfolio is the lack of diversification. These individuals can be referred to as 'eager amateurs in the field of investment. Economic globalization and liberalization brought a passionate environment for small and medium investors. There are a large number of investors who are proficient in the field of investment. An investment in a diversified financial sector is a captivating task that entices people during their life journey. The basic intention behindany investments is the rise in capital for earning income. The investment is a conscious way to park excess funds with an artistic strategy for capital appreciation and/or earning extra income.

A wide range of possible alternatives is available for an investor to invest in the financial market. All these investmentavenues vary from each other and are not equally decisive.The pattern of investment differs from investor to investor based on the reason behind the investment, withdrawal time, and risk-bearing capacity. Two significant attributes of any investment are time and risk. In the end, the benefit is expectedand leans towards uncertainty. For some investments suchas bonds, time is a crucial factor and for some investments such as investments in the stock market, the risk is a crucial factor. And for some investments such as investments in equity shares, time and risk both are crucial. As investors are lacking in knowledge, they find it difficult to invest in the financial market.

Virtually every one of us owns an investment portfolio. The portfolio comprises financial assets like bonds, shares, deposits, etc., and real assets like real estate, machinery, commodities, agricultural land, precious metals, etc. Several factors attract and motivate investors to invest in the financial market. Decisions of individual investors were believedto be based on the Modern Portfolio Theory proposed byMarkowitz in 1952. There are three basic criteria of modern portfolio theory i.e., Standard deviation, Expected return, and correlation. However, it was proved that individual investor possesses very few stocks and are unable to diversify their portfolio[1]. An individuals risk-bearing capacity also playsan important role in the financial decision-making process to achieve desired financial goals. To understand the individual investors behavior, factors like the objective of the investment,

composition of the portfolio, risk-bearing capacity, marketknowledge, demographic characteristics, and attitude need to be considered.
For many investors, the most important asset in their portfolio is a residential home. In addition to this investors are also interested in buying agricultural land, a second home, a resort home, commercial property, etc.

II. INVESTMENT MANAGEMENT

Investment management also known as asset management orportfolio management is a systematic approach to achieve ben-efits or profits through various investment avenues by an indi-vidual investor or asset management/ investment managementcompany. Individual investors having sufficient knowledge candirectly invest in primary or secondary market. Investors not having sufficient knowledge can invest through asset manage-ment companies that are managed by fund managers.

Non-marketable Financial Assets : A proper balance of financial assets is represented by non-marketable financialassets. It includes bank deposits, provident fund deposits, company deposits, post office deposits etc.
Real Estate : For many investors, the most important asset in their portfolio is residential home. In addition to this, investorsare also interested in buying agricultural land, a second home, a resort home, commercial property etc.
Bonds : Debentures or bonds are long term debt funds instruments. The issuer of the fund promises to pay a specified stream of cash flow. Bonds can be classified as savings bonds, debentures of private companies, government securities, PSU bonds.
Equity shares : Equity shares represent ownership of some capital. As an equity shareholder, investor has an ownership stake in the organization/company. Owning equity shares indicates investor’s interest in additional income. Equity shareis a popular investment avenue among investors. It can be classified as income shares, growth shares, blue chip shares, speculative shares and cyclical shares.
Life Insurance Policy : In general, life insurance may be considered as an investment. The assured sum can be viewed as benefit from the policy. Insurance policies are broadly classified as Money back policies, Term assurance policies, endowment assurance policies and whole life policies.
Mutual Funds : Instead of directly investing in equity shares or investing in fixed income schemes, investors can participatein various mutual fund schemes, which again invest in equity share market but assure fixed income. The major types of mutual funds are balanced schemes, equity schemes and debt schemes.
Precious Metals : Precious metals or objects are the items, which have higher monetary value. This may include art objects, gold, silver, platinum and precious atones.
Investment avenues are evaluated on the basis of following criteria -

1) **Marketability :**An investment is highly marketable ifit can be transacted easily having low transaction cost

and if the price difference between two consecutivetransaction is low.

2) **Rate of return :**A rate of return is referred as the gainor loss on an investment for the specific period of time. Formula to calculate rate of return is -
3) **Risk :**The risk refers to the difference in the rate of return on an investment. It is the simple measure of dispersion between the highest and lowest value. In finance, other measures such as standard deviation, variance and bets are used to measure risk.

4) **Tax shelter :**Some investments like investment in provident fund are considered as tax saver investments. Tax benefits are categorized as initial tax benefit, continuing tax benefit and terminal tax benefit.

5) **Convenience :**Convenience can be considered as ease with which investments are made and maintained.

The investor has to consider various aspects while makingan investment decision, they are as below: the reason behind the investment, tax benefits, associated risks with the invest- ment, corporate earnings, liquidity, and marketability of the instruments, stock affordability, find related qualities, investor-related services, withdrawal plan, firms reputation, socially responsible investing, Current economic indicators, Opinion from friend/family/colleagues, or by the broker, recommenda-tion from the fund manager, and other professional advice.In this article, the author has studied Individual Investors'perception towards diversified portfolios.

III. RELATED WORK

Nowadays various researchers are exploring behavioral pat-terns that influence individual investor's decisions regarding investing in the financial market. It is observed that thereis a dynamic relationship between the behavior of individual investors, stock price movements, the volume of trading, and returns gained. It is also observed that up to a certain extent there could be a region-wise cultural difference in investment patterns. A review of the literature clearly states that individualinvestor's behavioral pattern is the most important character- istics in stock price movements and the probable returns.

As a part of the literature survey, we studied many research papers from different countries focusing on the behavior of in-dividual investors, factors influencing the investment decision-making process. Some of them are -

A financial advisor has to analyze the risk tolerance level of their clients. It is quite an important parameter while takingthe decision related to investment management. Nguyen et.al. (2016), in the research article **The influence of financial risk tolerance on investment decision-making in a financialadvice context** [2], the researcher examined the impact of belief in financial advice service, literacy related to finance, and relation length along with service. For the study, data of 538 Australian investors were taken into consideration. The researcher observed that there is a positive association between investment decision-making and investors' risk tolerance level.The researcher also observed that there is no positive relation between literacy related to finance and individual investor's risk tolerance level.

Hoffmann et al (2015) in the research paper **How investor perceptions drive actual trading and risk-taking behav- ior**[3], worked on understanding the investor's perceptions andrisk-taking behavior. They used the data of investors fromthe Netherlands. They combined monthly survey data with matching brokerage records to show the change in individual investor's perception drive the trading process and decisionof risk. They concluded that investors with higher levels and upward revisions are actively involved in trading and getting higher benefits. Also, the risk tolerance level is observed as high.

Forecasting the direction of the stock price is a vital task in thefinancial domain. Even minor improvements in the prediction make a great effect on the profit earned from investments. Michel Ballings et. al. (2015) in the article entitled Evaluating multiple classifiers for stock price direction prediction [4]studied random forest, kernel factory, support vector machine,neural networks, k-nearest neighbor, and logistic regression forprediction of the direction of stock price. Researchers collecteddata from 5767 companies listed publically from Europe and used AUC as a measure of performance. They observed that random forest is the better performer for stock prediction as compared to all others.

S. Lodhi (2014)in the paper entitled **Factors influencing individual investor behavior: An empirical study of city Karachi** [5], investigated individual investor behavior of Karachi, Pakistan. She observed that there were five inde- pendent variables - financial literacy, high experience, use of accounting information, the importance of analyzing financial statements, and age are the factors that affect the investor's decision-making process. She also observed that accounting information and risk aversion are directly related to each other.Hood et al. (2014) in the paper **Conservation, discrimination,and salvation: Investor's social concerns in the stock market** [6], studied the factors which affect the decisions of socially responsible investors. Logistic regression, descriptive statistics, clustered standard error, and correlation are the techniques used. The study showed that personal and social characteristics and values have a major impact on individual investor's stock composition.

Ambrose et. al. (2014) in the research paper **A survey ofthe factors influencing investment decisions: the case of individual investors at the NSE** [7], studied the behavior of an individual investor and factors affecting investment decision. According to the researcher, investment decisionsare frequently supported by decision tools. With the help of a structured questionnaire, the author has collected the data fromindividual investors. The researcher applied methods such as frequencies, standard deviation, mean squares, percentages,and correlation. The researcher observed that the most signif- icant factors are the firm's reputation in the market, expected return, profit, the historical performance of the firm's stock, price of the stock. The researcher concluded that there is somedegree of correlation between factors of behavioral finance andearlier previously identified empirical factors.

Tomola el at (2013) in the research paper **Factors influ- encing investment decisions in capital market: A studyof individual investors in Nigeria** [8], studied the factors affecting decisions of individual investments and also stud-ied the relation of the socio-economic characteristics of the Nigerian capital market. Data of 297 investors were used for the study. Statistical techniques like independent t-test,post hoc test, and ANOVA were used for the data analysis. They found the factors like the performance of the fund sponsoring company, expected split of the stock, probablecorporate earnings, dividend policies of the company are moreimportant for the decision making. They also found that socio-economic factors like age, education, gender, marital status significantly affect the decision-making about the investmentsfrom Nigeria.

Kartasova et al (2013) in the article **Factors forming irra- tional Lithuanian individual investors' behavior** [9], studiedthe investment patterns of an investor's from the Lithuania stock market. Through questionnaire data is collected fromthe investors. He observed that women are overconfident than men. Investors with the required knowledge are found goodor even very good investors. The level of confidence depends on experience and knowledge. Kartasova also observed that investors from age groups 30 - 45 and beginners are opting for most risky investments. Also married take less risk ascompared to single and concluded that individual investor's decision-making depends on some personal characteristics likeage, gender, profession, and experience.

According to Ebrahim (2012), in the paper entitled **An empir-ical analysis of financial risk tolerance and demographic features of individual investors** [10], Financial risk toleranceis the level of risk that one is ready to take. Risk tolerance should be measured for investment decision-making. The author studied the effect of demographic features on portfolio construction, investment decision-making, and risk tolerance level. Demographic features like age, gender, occupation, mar-ital status, time horizon, income, size of the portfolio are takeninto consideration. As per the study, there is a variation in financial risk tolerance level in accordance with demographic characteristics. The Association of these attributes is used to predict the risk tolerance level of the individual.

Hoffmann et al (2012)in research article **Individual investor perceptions and behavior during the financial crisis**[11], ex-amined change in an individual investor's perception and risk-bearing capacity during the financial crisis. They observed thatindividual investors' perceptions vacillate majorly during the financial crisis. Throughout the worst months of the financial crisis, expectations on return on investment and risk tolerance level get decreased, whereas risk perception gets increased. They concluded that even in the situation of financial crises, individual investors actively participate in the trading process and can also ready to take the little risk during the financial crisis.

As per Manhot et al(2012) in research article **Impact of demographic factors on investment decision of investors inRajasthan** [12], markets are moving from static to dynamic thereby changing the level of risk. As risk is increased, the additional amount is at stake. They explored the relationship between risk level and demographic characteristics from Ra- jasthan state. They observed that based on the capacity to handle risk, investment avenues get changed like mutual funds,bonds, shares, gold, real estate, etc. They concluded that there is a negative correlation between Gender, Marital status, Age, Occupation, and Education and there is a positive correlation between Income level, Cities, and Knowledge.

Anna et al (2011)in the article **Economic factors and indi- vidual investor behavior: The case of the Greek stock ex- change**[13], studied the economic factors that are affecting an individual investor's behavior from the Greek Stock Exchange.The analysis is done on the data collected from Athens Stock Exchange (ASE) and observed that the knowledgeable and experienced investors are more adaptive to financial situations.Also observed that there is some correlation between the factors of behavioral finance theory and individual investor's behavioral patterns.

Walia and Ravikant (2009)in the research paper **An analysis of investors risk perception towards mutual funds**

services [14], inspected the expectations of individual investor towardsmutual funds. Chi-square test, rank and rating methodology, average performance scores (APS), and ANOVA are the tech-niques applied for the study. They detected that the investmentpatterns vary and added quality dimensions of existing servicesneed to be enhanced.
Hui et al. (2008) in paper **Data mining method for listed companies financial distress prediction**[15], presented a datamining method by combining decision tree, information gain, and attribute oriented induction. It is used for preprocessing financial data and a decision tree model is constructed for the prediction of financial distress. Depending on the one class attributes and financial ratio attributes, a data mining modelfor financial distress prediction is designed.
Manish Kumar et. al. (2006) in the research article entitled **Forecasting Stock Index Movement: A Comparison of Sup-port Vector Machines and Random Forest** [16], compared random forest and support vector machine to forecast the movement of stock index. According to him a lot of the study is present on precise forecasting of the stock index and founda research gap in the prediction of stock index movement. Support vector machine and random forest are the types of machine learning algorithms that can be used to predict time series data of finance. In this study, the researcher attempted toforecast the direction of the NIFT index of the National Stock Exchange. The researcher observed that SVM performs better to forecast the direction of movement of the stock market, as compared to other classification models like the random forest,linear discriminant analysis, artificial neural network.

RESEARCH METHODOLOGY

Research can be referred to as the generation of new knowledge. Research can also be considered as a systematic and scientific search for admissible information on a specific topic. Research artistically applies methods for scientific inves-tigations. According to Oxford's dictionary, research is definedas " a careful study of a subject, especially to discover new facts or information about it" [17]. One can also considerresearch as an innovative or unique contribution to the existingbody of knowledge. An objective behind the research is to explore answers to the question raised/identified. Researchhelps to find the hidden patterns, which are not yet discovered.To attain the research objectives, the descriptive analytical approach has been used. Descriptive statistics depends on the statistics of research analysis. The analytical approach focuseson the process of generating a final result. This research aims at the determination and analysis of various factors that affect the investment decision-making process of individual investorsand risk assessment of their investment portfolio.
Investment Analysis Questionnaire comprises of two sections as -
Section-I deals with Personal Details and
Section-II includes the questions about portfolio composition and risk-bearing capacity of individual investor's portfolio. Section -II is divided into six axes viz. Investment objective, Time horizon, Level of Satisfaction, Factors influencing Invest-ments, Knowledge, and Risk Tolerance levels. data analysis ismainly based on the primary data collected by the researcher. Data of 618 respondents are analyzed for the present study. Primary data is collected from the individual investors. Ques- tionnaire method is used for data collection. Demographicinformation and some core investment related questions are included in the questionnaire. Data is ananlysed usingchi- squared test and data mining techniques such as association rule mining,classification, clustering and predictive analysis.

IV. DATA ANALYSIS

The Indian financial system has experienced huge changein the investment perception from last year. Investments strategies are to be revised in order to assist investorsin invest in financial market. Government changed the perception of the investors regarding investment decisions in this pandemic. People are acquainting about the latest investment plans and expected returns on these plans. Foreign investment avenues also changed the whole scenario and now attracting schemes are now launching.Through this study, attempt has been made to comprehend behavior of individual investor in this Corona virus outbreak. Demographic data analysis is as below -

From the data, it can be observed that major investors arein the age group 30 to 50. 88% investors are preferringinvestments in shares, mutual funds and bonds as shownin Fig.2. Investors below age group 30 do not prefer the investments in financial market as they have fewerresponsibilities. Also people above 50 feel it risky to investin shares and mutual funds.
undergraduate, graduate, post-graduate and professionaldegree. It is observed that undergraduates are not doing muchof the investments. Frequency distribution of Education isas shown in Fig.4. Higher education level helps investor to select the stocks, mutual funds and bonds effectively so as toachieve the investment objectives[20].

Age	Frequency	Expected	Percentage
Below 30	37	123.6	6.0
Between 30-40	247	123.6	40.0
Between 41-50	300	123.6	48.5
Between 51-60	29	123.6	4.7
Above 60	5	123.6	0.8
Total	618		

TABLE I

FREQUENCY TABLE - AGE

Education	Frequency	Expected	Percentage
Undergraduate	11	154.5	1.8
Graduate	110	154.5	17.8
Post-Graduate	322	154.5	52.1
Professional Degree	175	154.5	28.3
Total	618		

TABLE III
FREQUENCY TABLE - EDUCATION

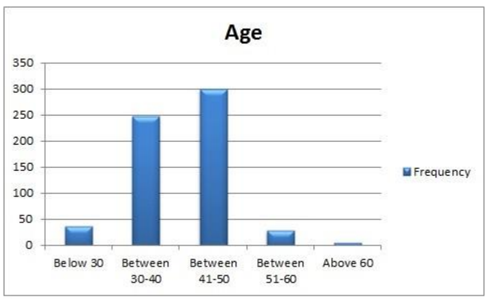

Fig. 2. Age

Gender parameter affects mostly on investment process [18] [19]. From the data obtained, it is observed that malesare more inclined towards the investments in financial market as compared with women investors. Frequency distribution of gender is as shown in Fig.3.

Gender	Frequency	Expected	Percentage
Male	465	309.0	75.2
Female	153	309.0	24.8
Total	618		

TABLE II
FREQUENCY TABLE - GENDER

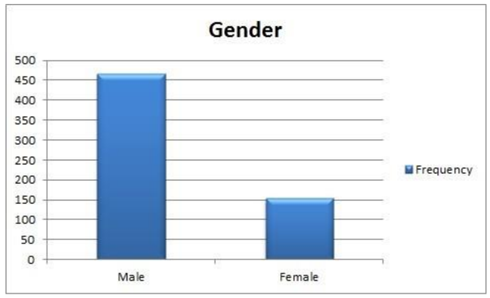

Fig. 3. Gender

Basic education creates awareness among the investors.Education aspect is divided into four sections as

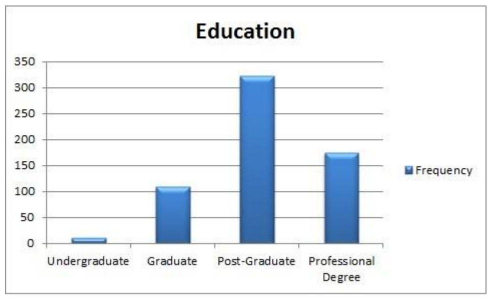

Fig. 4. Education

As per the occupation, investment decision changes. Salaried and businessman are ready to investment in financial market. There is an relative risk with these investments. Retired people are not ready to bear risk. Frequency distribution of occupation is as shown in Fig.5.

Occupation	**Frequency**	**Expected**	**Percentage**
Self-employed	237	123.6	38.3
Retired	7	123.6	1.1
Unemployed	4	123.6	0.6
Student	7	123.6	1.1
Salaried	363	123.6	58.7
Total	618		

TABLE IV
FREQUENCY TABLE - OCCUPATION

Individual investor's investment decision is greatly affectedby annual income. Annual income is a key factor. As per annual income, an individual can analyse his/her investment capacity. Accordingly, investment avenues are selected, whichwill help to achieve the investment objectives. Annual incomeis categorized in six parts. Frequency distribution is as shown in Fig. **??**.It is observed that individuals with income range between 10 to 15 lakh are major investors. Graphical

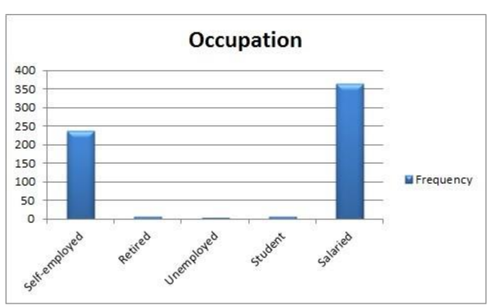

Fig. 5. Occupation

representation is as shown in Fig.6. It is said that investment is sacrifice to the current earning. So, by sacrificing currentneeds, one has to save for securing the future.

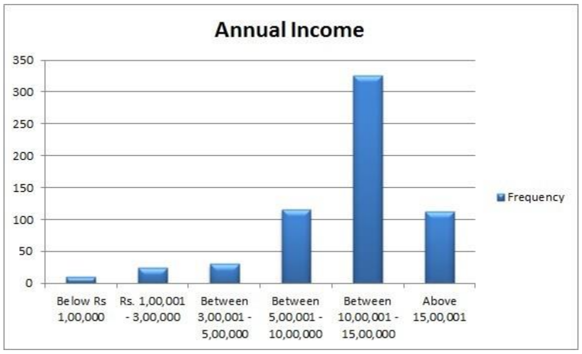

Fig. 6. Annual Income

Systematic withdrawal plan is important for any investor. Systematic withdrawal plan allows an investor to withdrawa fixed amount or variable amount from his/her investmentson a fixed interval of time i.e. monthly, quarterly or yearly. With this, investor can customize their cash flow as per their requirements. Responses are collected for the withdrawaltime of the investments. Motivating factor for majority ofthe investments is the reason behind the investment. Some investors depend on their investments to supplement cash flow, some want to supplement future income, some want to protectthe value of the capital, some want to save the money for theirrainy days and some expect capital appreciation. Ultimate goalis to grow capital which will fulfil future requirements. On thebasis of reason for investment, time horizon of the investment is decided. Frequency distribution of withdrawal plan is as shown in Fig.7.

Graphical representation is as shown in Fig.7. From the graph, it can be seen that most of the investors are havingplans to save upto 4-5 years. From the obtained data, 19.6% investors are willing to hold the investments for 1-2 years. 17.8% investors have 3 year investment plan. 54.2% investors are investing for 4-5 years. The latest trend in the market says

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Withdrawal Plan	Frequency	Expected	Percentage
Less than 1 years	26	123.6	4.2
1 - 2 Years	121	123.6	19.6
3 Years	110	123.6	17.8
4 - 5 years	335	123.6	54.2
6 - 7 Years	26	123.6	4.2
Total	618		

TABLE VI
FREQUENCY TABLE - WITHDRAWAL PLAN

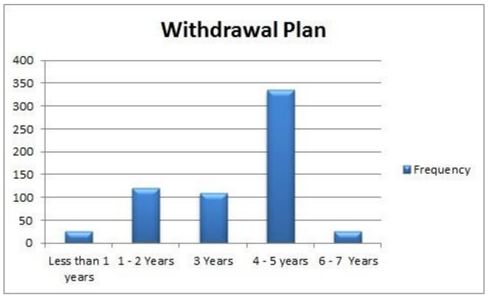


Fig. 7. Withdrawal Plan

that investors are not preferring long term investment plans.

Corona virus outbreak forced investors to think about their priorities. Researcher studied various factors that affect on the investors behaviour in the pandemic. From the data obtained from the investors, it is clear that 55% of the investors are investing just to supplement the cash flow.

Reason - A	**Frequency**	**Expected**	**Percentage**
Strongly Disagree	5	123.6	0.8
Disagree	28	123.6	4.5
Netural	47	123.6	7.6
Agree	340	123.6	55.0
Strogly Agree	198	123.6	32.0
Total	618		

TABLE VII

FREQUENCY TABLE - REASON A -I DEPEND ON INVESTMENTS TO SUPPLEMENT MY CASH FLOW.

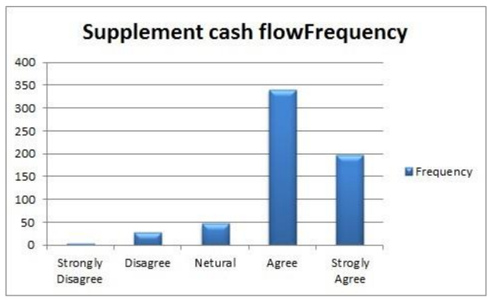


Fig. 8. Supplement Cash Flown

Second reason identified by the researcher in that investors are investing in financial market is to ”depend on my invest-
ment to supplement my future income”. People are owning lotsof responsibilities. The investments done by investors today will surely supplement them in future. As per the data from Fig.9

Reason - B	**Frequency**	**Expected**	**Percentage**
Strongly Disagree	1	123.6	0.2
Disagree	10	123.6	1.6
Netural	32	123.6	5.2
Agree	357	123.6	57.8
Strogly Agree	218	123.6	35.3
Total	618		

TABLE VIII

FREQUENCY TABLE -REASON-B- I DEPEND ON MY INVESTMENT TO SUPPLEMENT MY FUTURE INCOME..

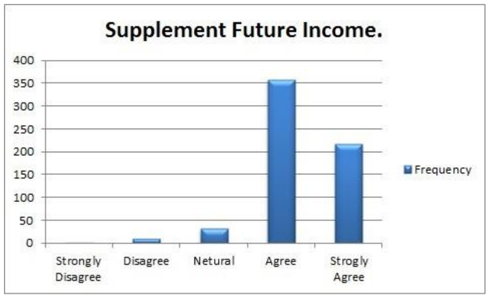


Fig. 9. Supplement Cash Flown

Savings are usually put into safe places that allow investorsaccess their money at any time. These investment avenuesinclude savings account, bonds, recurring deposits and somein mutual funds. Most clever investors put adequate moneyin savings to cover an emergency, like abrupt unemployment.Data from Fig.10shows that around 93% investors want to invest to save for rainy days.

Reason - C	Frequency	Expected	Percentage
Strongly Disagree	1	123.6	0.2
Disagree	10	123.6	1.6
Netural	27	123.6	4.4
Agree	314	123.6	50.8
Strogly Agree	266	123.6	43.0
Total	618		

TABLE IX
FREQUENCY TABLE -REASON-C- I WANT TO SAVE FOR MY RAINY-DAYS.

Comprehensive financial planning enables the effective fund management to grow the capital. Wealth creation and wealth preservation are two broad aspects of efficient financialplanning. Wealth creation is the balanced accumulation ofincome and assets over a period of time. Around 93% investors are investing for wealth prevention.

Fig. 10. Save for Rainy Days

Reason - D	Frequency	Expected	Percentage
Strongly Disagree	4	123.6	0.6
Disagree	7	123.6	1.1
Netural	30	123.6	4.9
Agree	248	123.6	40.1
Strogly Agree	329	123.6	53.2
Total	618		

TABLE X

FREQUENCY TABLE -REASON-D- - I WANT TO PROTECT THE VALUE OF MY CAPITAL (WEALTH PREVENTION).

Fig. 11. Wealth Prevention

account value can be considered growth. There are several ways to make a portfolio grow in value. Some take more time to invest or some have more risk than others. Diversificationis the most appropriate way to grow capital. 94% investorsare investing with the objective of capital appreciation Fig.12.

Reason - D	Frequency	Expected	Percentage
Strongly Disagree	5	123.6	0.8
Disagree	4	123.6	0.6
Netural	20	123.6	3.2
Agree	252	123.6	40.8
Strogly Agree	373	123.6	54.5
Total	618		

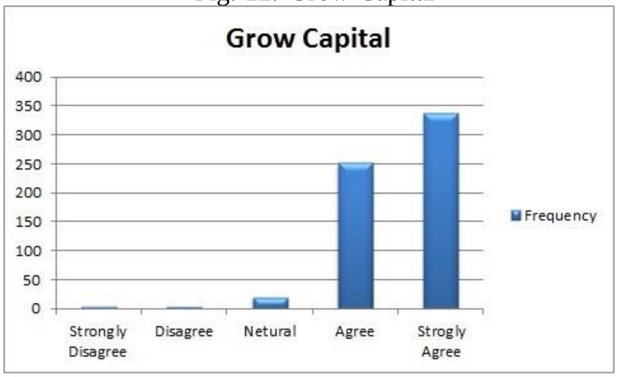
TABLE XI

FREQUENCY TABLE -REASON-E- - I WANT TO GROW MY CAPITAL).

Investment Portfolio Diversification refers to selecting di-verse classes of assets with the objective of risk minimiza-

Growth can be defined in several ways when it comesto investing. In the most general sense, any appreciation in tion and returns/profit maximization. Each investor has hisindividual risk profile, but there is a probability that investor

Fig. 12. Grow Capital



does not have appropriate investment securities that matcheswith his risk bearing capacity. This is possible when investorselect a bunch of assets to balance risk and return. Portfoliodiversification is required to satisfy future requirements. Fromthe Fig.13it can be seen that 94% of investors are preferring investments in Shares and 88% investors are investing inBonds. Even if the financial market is unpredictable, investorsare investing in Mutual funds. From data 96% investors areholding mutual funds in their current portfolio. People are notconsidering Real estate as an investment option. Currently,Only 37% investors are choosing Real estate as an investment option. 43% investors are having Life insurance policies in theinvestment portfolio. From recorded data it can be observedthat, nowadays investors are inclined towards diversified in-vestment portfolio.

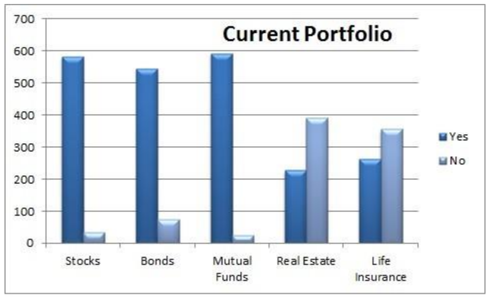


Fig. 13. Current portfolio

V. CONCLUSION

The design and execution of a portfolio risk management program need not wait for all the bits of the puzzle to fallinto place. Centralization of the portfolio management functionmay not be considered an optimal solution. A successful implementation necessitates a careful, well-articulated strategyto evaluate and address the key issues across the entire spectrum of investment risk management. Data requirements, dictated by the analytical model selected, can be significantbut establishing implementation priorities will avoid inertiaon this front. Defining clear roles and responsibilities andselecting the appropriate risk-adjusted performance measures are necessary elements for success. On studying the pecu- liarities of portfolio management and analyzing the responses given by the investors on their insight and expectation froma financial advisor, the following points are recommended which a general financial advisor should consider at the time of approaching the people. Unbiased Advisory Diversified Investment Perfect Financial Planning to Encourage InvestorsIn the growing economic globalization and advancement of information technology, financial data is generated and accu- mulated rapidly. Hence need some tools and techniques to manage and analyze the data effectively. This will facilitate individual investors and companies for planning their strategiesand for decision making. Data mining finds patterns and correlations which can be used to predict future trends infinance. The advantages of using data mining in finance are low cost, revenue generation, awareness, and responsiveness. The diversified financial service sector has given a wide rangeof opportunities to individual investors. It can be seen that94% of investors are preferring investments in Shares and88% investors are investing in Bonds. Even if the financial market is unpredictable, investors are investing in Mutual funds. From data 96% investors are holding mutual funds in their current portfolio. People are not considering Real estate as an investment option. Currently, Only 37% investors are choosing Real estate as an investment option. 43% investors are having Life insurance policies in the investment portfo-lio. From recorded data it can be observed that, nowadays investors are inclined towards diversified investment portfo- lio.The individuals decision of investment is prejudiced bythe kind of services rendered and the benefits offered in the financial market. Investment decisions are highly dependent on demographic, personal, psychosomatic characteristics, ethics, risk tolerance, economic factors, etc. The reason behind the investments, expected returns, time duration, and the type of investors are some of the factors that help individual investors or their fund managers to manage funds effectively.

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