Investors' Attentiveness towards Mutual Funds in Nepal

Sudip Wagle, Assistant Professor
Faculty of Management, Tribhuvan University
Birendra Multiple Campus, Chitwan, Nepal

ABSTRACT
The growing enthusiasm for mutual funds among the investment choice is an anxiety in the Nepali capital market. The paper aims to find out the investors' eagerness towards mutual funds in Nepal. This investigation is descriptive and based on a structured questionnaire survey of 125 (out of 140) respondents from the broker office in Chitwan District. The stratified sampling method was used, based on four strata (Businessperson, university lecturer, university student, institutional and local investor) of the respondents' socio-demographic, adequate knowledge, and factors determination areas. The paper has three major discoveries. First, Nepali investors were dominated by male gender like as in other countries, and university students were excited in the capital market for investment that most common only in Nepal. Second, investors were investing in mutual funds without sufficient knowledge although most investors were aware of political instability. Lastly, investing in common stock rather than mutual funds, followed by the players who made the mutual fund more effective were the most prioritized factors and awareness to invest in mutual funds was the least factor while investing by an investor. Moreover, the correlation among all variables was positively significant. This paper is valuable to the government bodies, academicians, concern companies, and investors, which help them to know more about mutual funds. This study concludes differently from previous studies that individuals prefer to invest in the capital market rather than a bank deposit, which is probably the new appearance in Nepal.

KEYWORDS: Capital market, investors, investment choice, mutual funds

INTRODUCTION

The mutual fund is now one of the most notable financial instruments for investment in the capital market all over the world. It is a form of collective investment that pools money from investors and invests the money in stocks, bonds, short-term money-market instruments, and/or other securities. Over the last forty years, its investment popularity has been growing dramatically all over the world, including Nepal (Upadhyaya & Chhetri, 2019). On the other hand, most of the investors invest in the mutual fund for a high rate of return and risk diversification. It provides an opportunity for the-risk–averse investors to share their risk into high return securities in the capital market (Paudel, 2010). Moreover, mutual funds are often popular among the investors,

due to its low transaction cost (Bodie, Kane, & Marcus, 1995) and safety for liquidity (Rathnamani, 2013).

The most inclination of the investors was the bank deposit since they desire for safe and fixed return (Bajracharya & Mathema, 2018). Most of the previous studies are associated with bank saving in Nepal (Thapa & Nepal, 2015). Although bank deposit is the safest investment due to its low-interest rate, investors now are searching for the best alternative to investment.

To quicken a country's economic growth, the mutual fund is the best way for an investment (Upadhyaya & Chhetri, 2019). It is the most desirable investment for the common masses as it provides an opportunity to invest in a diversified, professionally managed basket of securities at a comparatively low cost (Cheney & Moses, 1992). So, it is necessary to bring small investors into the mainstream of participating in the capital market through a collective investment scheme (Pradhan, 2010) even though the financial markets of developing countries are immature (Tam, 1991). In Nepal, the mutual fund industry is at the developing stage and making a financial contribution each year (Bajracharya & Mathema, 2018). In developed and developing countries, mutual funds occupy a large portion in the capital market even though most of the people are innocent about the capital market, they don't have any idea; however, they only hope for a consistent return from their portfolio.

In Nepal, few companies well issued their mutual funds. Some are also in a hurry to issue such for their long-term sustainability and growth. In this situation, it is important to know answers to the following questions: Are potential investors who are ready in the capital market eager to invest in mutual funds? What elements that attract them and their relationship? So this study is to find out the answers to the above questions, which is hardly conducted in Nepal. In particular, this study has three main purposes. First, it provides the socio-demographic characteristics of an investor. Second, it provides the general informative knowledge of investors. Lastly, it examines the prioritically preferable variables in selecting mutual funds as well as their correlated and interrelated factors.

REVIEW OF LITERATURE

The concept of mutual fund originated from England. A businessperson named Abraham van Ketwich for the first time in the world formed a trust called "Eengradt Maakt Magt" (unity creates strength) in Amsterdam during a financial crisis of 1772-1773 (Rouwenhorst, 2004, p. 1). That endeavour was to make a pool of funds from small investors and invests in a portfolio to make a profit and provide dividends to the stakeholders. Later, this was adopted in the US and expanded throughout the world (Team, 2019). Tam (1991) claims that in the same way, China's capital market is the first leading developing countries. In Nepal, the history of mutual funds started with NCM mutual fund 2050 (1993/94), which was established by NIDC Capital market before the issue of mutual fund directives 2067. Those mutual funds initially issued an open-end nature fund and later that was converted into closed-end, and after that trading in Nepal Stock Exchange (NEPSE). Likewise, the citizen investment trust (CIT) operated a Citizen Unit scheme, 2052 which was also in an open-ended nature. It provides a regular income in the form of a dividend to their unit holders. Wikipedia informed that at the end of 2019, the mutual fund assets worldwide were USD 54.9 trillion. Moreover, the top ten countries with the largest mutual fund industries are United Kingdom: USD 26.7 trillion, Australia: USD 5.3 trillion, Ireland: USD 3.4 trillion, Germany: USD 2.5 trillion, Luxembourg: USD 2.2 trillion, France: USD 2.2 trillion, Japan: USD 2.1 trillion, Canada: USD 1.9 trillion, United States: USD 1.9 trillion, and China: USD 1.4 trillion

(Wikipedia, 2020). In the United States, mutual funds play an important role that, at the end of 2019, reported 23% of household financial assets were held by mutual funds. At the same time, an association of mutual funds in India announced that the size of the Indian mutual fund industry has been listed USD 324.20 billion (Association of Mutual Funds in India, 2020) whereas as per Tough nickel investing portal reported that in Nepal it is USD 213.65 million (Eldrum, 2020).

According to Alexander, Sharpe, and Bailey (2002), there are three types of investment companies: unit investment trust, closed-end investment companies, and open-end investment companies. A unit investment trust is an investment company that owns a fixed set of securities for the life of the company. A closed-end investment company sells shares either in an organized exchange or in the over-the-counter market. But it has a fixed number of outstanding shares and maturity. An investor who wants to trade such shares simply places an order with a broker, just like other listed company's shares. An open-end investment company sells new shares to the investors and redeems outstanding shares on demand at face value or market value. It offers new units to the investors continuously and also ready to repurchase from the investors at any time. So, it has no fixed maturity period and also not listed in the secondary market.

Rakhal (2017) researched on the secondary data in Nepal to find out the status in various aspects of mutual fund schemes like size, market price, Net Assets Value (NAV), dividend distribution and so on. The study found that there were no long history of mutual fund market in Nepal and only ten mutual fund schemes were listed and traded in NEPSE. Those schemes were run by collecting initial funds of Rs 8500 million. The maximum mutual fund scheme size was Rs 1250 million and minimum mutual fund schemes size was Rs. 500 million. The maximum and minimum maturity period of mutual fund schemes were seven years to five years while the average maturity period was 5.8 years. The par value of the mutual fund was Rs. 10 per unit. After analyzing 180 moving days of its unit price, among ten mutual fund schemes, a market price of six mutual fund scheme was higher than their par value while four has lower than its face value.

Bajracharya and Mathema (2018) examined a study on investors' preference towards mutual funds in Kathmandu Metropolitan City and found that the investors were not felt secure while investing in mutual fund schemes, Most of them preferred for the bank deposit because of fixed return. So investors were confused whether investing in a mutual fund was a right or wrong decision. They were facing different problems, mostly due to adequate knowledge they avoid investing in mutual funds.

Gurung (2019) surveyed 118 university teachers to measure their capital market excess. In particular, IPO knowledge in Pokhara Valley and found that university teachers even have moderate practical knowledge than the theoretical one. Self-awareness, media, publications, and their colleagues were the most influencing factors while their parents, stock-brokers, bankers, and verbal information were the least influencing factors in gaining the knowledge towards IPOs.

Thapa and Nepal (2015) carried out a survey of 436 college students towards a financial literacy situation in Nepal. The outcomes showed that most of the students preferred to bank saving instead of investing in the stock market, buying an insurance policy, buying jewellery, and lending friends. Moreover, somehow they have financial knowledge, but they did not understand credit, taxes, share market, financial statement, and insurance policy.

Some studies carried out concerning mutual funds as Quazi (2014) remarks that investors are very much interested to put their funds in Islamic mutual funds; however, they have an absence of confidence in the services being given by the authorities.

Likewise, Elhaj (2020) concludes that the issues and difficulties to attract retail investors towards the mutual fund market. They were the low level of awareness and financial literacy, limited focus on increasing retail penetration, limited focus beyond major cities, inadequate innovation in product offerings, and limited customer engagement. Shrestha (2018) concludes on attraction towards government security by investors in Nepal that out of all 145 respondents, 43.21 percent had a place in individual investors' group and 19.5 percent were institutional investors while 27.5 percent fell to both the groups and the rest were non-investors. Now it will be relevant to give a realistic picture of mutual funds in Nepal.

There are currently 18 mutual funds issued in Nepal. Out of them, 17 are closed-end and 1 is an open-end mutual fund. The details are as follows:

Table 1
List of Mutual Fund Companies

S.N	Mutual Funds Scheme	Symbol	Issued Amount	Maturity Period	Maturity Date
1	Global IME Samunnat Scheme 1	(GIMES1)	Rs. 1 billion	7 years	2023-03-04
2	Laxmi Equity Fund	(LEMF)	Rs. 1.25 billion	7 years	2024-06-12
3	Laxmi Value Fund-1	(LVF1)	Rs. 0.5 billion	7 years	2020-03-25
4	NIBL Pragati Fund	(NIBLPF)	Rs. 0.75 billion	7 years	2024-01-11
5	NIBL Samriddhi Fund 1	(NIBSF1)	Rs. 1 billion	7 years	2022-01-07
6	NMB Hybrid Fund L-1	(NMBHF1)	Rs. 1 billion	7 years	2023-10-26
7	Nabil Equity Fund	(NEF)	Rs. 1.25 billion	7 years	2023-11-06
8	Sanima Equity Fund	(SAEF)	Rs. 1.3 billion	7 years	2024-12-26
9	Siddhartha Equity Fund	(SEF)	Rs. 1.5 billion	10 years	2027-11-08
10	Citizens Mutual Fund-1	(CMF1)	Rs. 0.82 billion	7 years	2025-03-03
11	NIC Asia Growth Fund	(NICGF)	Rs. 0.8352 billion	7 years	2025-03-12
12	Nabil Balanced Fund-2	(NBF2)	Rs. 1.2 billion	10 years	2029-05-31
13	Citizens Mutual Fund-2	(CMF2)	Rs. 1 billion	7 years	2026-07-08
14	NMB 50 Fund	(NMB50)	Rs. 1.25 billion	7 years	2026-09-01
15	Siddhartha Investment Growth Scheme-2	(SIGS2)	Rs. 1.2 billion	10 years	2029-08-26
16	NIC ASIA Balanced Fund	(NICBF)	Rs. 0.755 billion	10 years	2029-08-27
17	Sunrise First Mutual Fund	(SFMF)	Rs. 0.86 billion	10 years	2029-11-04
18	NIBL Sahabhagita Fund (managed by NIBL Ace Capital Limited and sponsored by Nepal Investment Bank Limited)	First-ever Open-Ended Mutual Fund Scheme NIBL Sahabhagita fund has a maximum of Rs 0.5 billion face value. Initially, at the first stage, the fund issued worth Rs 0.125 billion.			

Source: Securities Board of Nepal (SEBON)

Only commercial banks can issue mutual funds in Nepal. For that, it has to go through SEBON for approval, and the bank has to submit necessary documents along with planned fund size, maturity date, investment philosophy, and expert profile, and

potential operating cost. After approval, mutual funds will announce their issuance to the general public. The issuing company should have to invest around fifteen percent (15%) of the total fund size as a mandatory rule and the remaining eighty-five percent (85%) will be issued to the general public and investment firms. Mutual funds in Nepal typically issue at Rs. 10 per unit. Similarly, to attract the attention of investors towards the capital market, Security board of Nepal (SEBON) has launched investor awareness training program across the country, collaborate with local chambers of commerce, educational associations and social organizations in different parts of the seven states, including remote districts of the country, which are shown below:

Table 2
Investor Awareness and Capital Market Training Program

Province	Fiscal Year (2016/17)		Fiscal Year (2017/18)		Fiscal Year (2018/19)	
	No. of program	Participants	No. of program	Participants	No. of program	Participants
1	0	0	3	460	8	1108
2	0	0	3	514	7	833
Bagmati	1	125	16	2167	10	1158
Gandaki	5	600	2	204	4	566
5	2	240	2	312	1	116
Karnali	7	850	0	0	1	87
Sudurpaschim	6	750	5	713	3	340
Board office	0	0	0	0	10	335
Total	21	2565	31	4370	44	4543

Source: SEBON Annual report (2018/19)

Table 2 indicates the training program's efficiency in details. In the last three years, training program as well as the number of participants has been gradually rising up.

From the above discussion, it is clear that the craze of mutual funds in Nepal is growing along with the international market. Nepali investors are trying to adapt mutual funds into their capital market investment. The government has also involved in increasing trainings to empower investors. However, studies show that there is not any consistency in Nepali investors and their mutual fund investing practices. So, this study has been conducted to analyze the investors' attentiveness towards mutual funds in Nepal. More specifically, it provides the socio-demographic structure, the general informative knowledge of an investor and also examines the investors' preferential variables and their relationship while making on a mutual fund investment decision.

DATA AND METHODS
This study is based on the data obtained from a primary source, followed by a descriptive research design. However, the secondary source of information also used in the review section. The total number of client membership at the broker office in Chitwan District was the sampling frame. Those who have at least client membership into a broker office at in local territory are conscious investors. To define the samples, those active client members were stratified into four (businesspersons, university lecturers, university students, institutions and local investors) categories as per their profession mentioned by them and with reference to Mishra (2014), Qazi (2014) and Elhaj (2020). These four categorized parties were taken as strata. Then, one hundred forty respondents were taken by the disproportionate stratified sampling method to select

the respondents and questionnaires that are administered. For this, forty-five respondents were from university teachers and university students while twenty-five respondents were from businesspersons, and institutional and local investors. The questionnaires were distributed directly to the respondents as per their convenience. Only one hundred twenty-five respondents valid questionnaire were returned. Five-point Likert-type scale data were used to measure the investors' attentiveness level on scale i.e. 1 to 5 where 1 for strongly disagrees, 2 for disagree, 3 for Neutral, 4 for agree and 5 for strongly agree towards mutual funds in Nepal. The verbal consent has taken from the respondents to collect the data. Then, they were requested to fill up and rank the questionnaire carefully without any pressure. All collected data were manually checked for completeness and consistency. After that, the data collected were entered in MS Excel and statistical analysis was performed by using SPSS version 25. Descriptive statistics (frequency, percentage, mean, and standard deviation) were used to find out each variable from the most to the least one and inferential statistics like a correlation (P-value<0.005 and <0.010) to measure the degree of relationship in between the variables. Cronbach's alpha was measured for the reliability and validity of the study and found to be 0.755, which is enough to "acceptable" in the most social science researches.

RESULTS AND DISCUSSION

The socio-demographic characteristics such as sex, age group, qualification, and occupation indicate the level and detail information of respondents, which are mentioned below.

**Table 3**
Socio-demographic Characteristic of Respondents

Variables	Frequency	Percent
Sex		
Male	96	76.8%
Female	29	23.2%
Age		
Less than 30	49	39.2%
30 to 50	53	42.4%
Above 50	23	18.4%
Qualification		
Below intermediate	12	9.6%
Bachelor Degree	32	25.6%
Postgraduate	77	61.6%
Above postgraduate	04	3.2%
Occupation		
Business person	22	17.6%
University Teacher	37	29.6%
University Student	42	33.6%
Institutional & Individual Investor	24	19.2%

Source: Questionnaire Survey, 2020

Table 3 shows the socio-demographic characteristics of respondents in terms of sex, age group, qualification, and occupation. The majority of respondents (76.8%) were males. Regarding the age group, most of the respondents (42.4%) were from aged group 30 to 50 years and least (18.4%) from above 50. Likewise, in terms of qualification, most of the respondents (61.6%) were from postgraduate and only 3.2% of respondents from

above postgraduate. For the occupation of respondents, most of them found (33.60%) university students, and (17.6%) from a businessperson. In the same way, the study results of demographic information as compared to Mishra (2014) from India, Elhaj (2020) from Saudi Arabia, Qazi (2014) from Pakisthan and Graham, Harvey & Huang (2016) from the USA that there was no doubt in similarities of the respondents in terms of their sex and qualification. The male respondents along with postgraduation level of qualification highly participated. But, in terms of age and occupation, the result was different. In the age group, this study results were quite similar to Mishra (2014) and Qazi (2014) that their investors' average age group was 40 but different to both Elhaj (2020) and Graham et al. (2016) that their investors' average age group was 50. Moreover, in Saudi Arabia, people under the age of 25 are not mentioned as investors. Regarding their occupation, (66%) of the investors in Saudi Arabia participated by a businessperson, followed by India (27%), Nepal (17.6%), and Pakisthan (15.4%). However, in Pakistan, (67.2%) investors were as private job-holders.

Figure 1
General information to investors about mutual funds
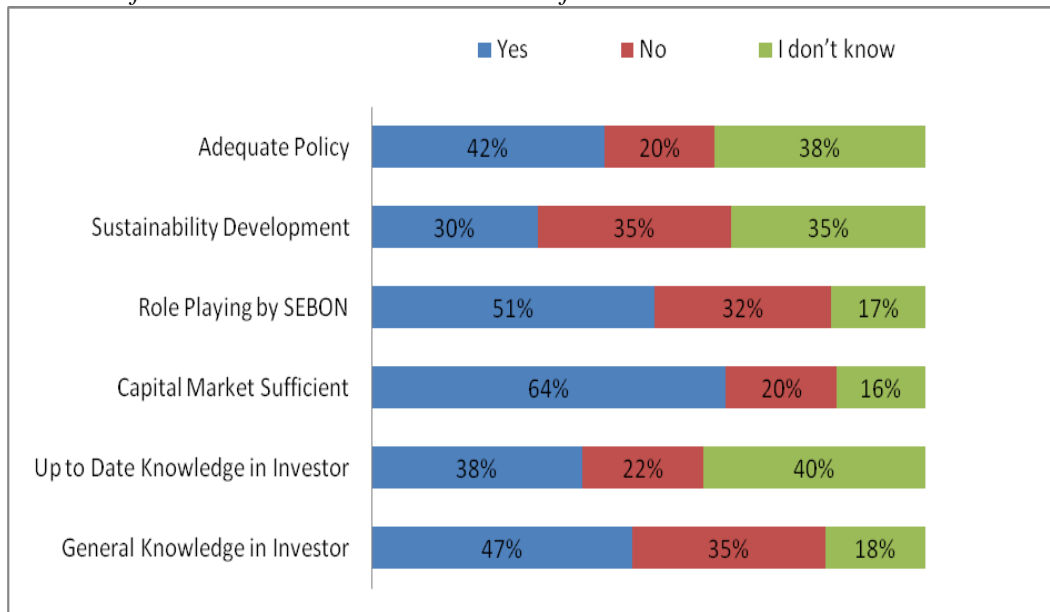
Source: Questionnaire Survey, 2020

Figure 1 shows that most of the respondents (42%) said "Yes" as there was sufficient policies and laws to regulate the mutual fund in Nepal while (38%) of them said, "don't know" about that. There was confusion about the investor's knowledge towards the policy and laws, whether they were known or not. As the mutual fund sustainability contributes to the development of the capital market, almost every option has an equal reaction. In terms of SEBON role playing i.e. 51% of the respondents believed that SEBON is playing for promotion and growth of mutual funds while 17% of the respondents said that they don't know about it. There was no doubt about SEBON's role-playing. Likewise, the Nepali capital market was developed enough for mutual funds and Nepali investors have enough knowledge about the mutual funds as the respondents (64%) and (38%) agreed. This showed that the confidence level of investors was incomplete. Lastly, general knowledge in investing about mutual funds found (47%), which was even below than an average in Nepali investors, but was better as

compared to Mishra (2014) that showed 60% of respondents lacked in the knowledge of the commodity market and the same line Qazi (2014) demonstrated 82.6% investors were investing their money in mutual funds without having adequate knowledge.

Table 4
Descriptive statistics- investors' attentiveness level towards mutual funds

Statement	Weighted Mean	Std. Deviation
Invest in Common stock rather than Mutual funds	**3.45**	**0.11**
Mutual Funds provides less return than other securities	3.01	1.05
Mutual funds are less liquid than other securities	3.63	1.16
People don't have enough knowledge about the mutual fund	3.82	1.05
Mutual funds have a high operating cost	3.39	1.06
It has Low participation in the capital market	3.38	1.04
It has a Limited product for buying and selling	3.69	0.97
It has Some regulatory problems	3.22	1.53
The reason that investors invest in a mutual fund	**3.36**	**0.20**
Utilized Professional management	2.66	1.00
Risk Diversification	3.67	1.05
Mutual funds are perfect for small investors	3.84	1.15
A good passive income source	3.24	1.10
It is better than other fixed interest income securities	3.41	1.30
Which players make Mutual fund more effective	**3.80**	**0.15**
Individual investor	4.10	1.04
The Government	3.59	1.26
Financial institution	3.70	1.21
Which problems, mostly facing by mutual fund companies	**3.37**	**0.35**
Political environment	4.13	0.72
Social norms and values	2.57	1.31
Small capital market	3.74	1.02
Other financial institutions	3.04	1.34
What would you do if, you have excess money than basic	**3.43**	**0.15**
Spend it on consumer needs	3.15	1.31
Deposit it into a bank account	3.48	1.21
Invest it in the capital market	3.66	1.21
Effective ways to create awareness to invest in mutual funds	**3.11**	**0.37**
Newspaper advertisement	2.91	1.35
Electronic media	3.52	1.32
Personal contact	2.17	1.24
Awareness Training program	3.84	1.07
Newspaper advertisement	2.91	1.35
Nepali mutual fund companies have a good future prospectus	**3.34**	**0.23**
Investors increasing awareness	3.36	1.27

Growing capital market	2.68	1.33
Influence of international market	3.67	1.20
Technological advancement	3.66	1.07

Source: Questionnaire survey, 2020

Table 4 shows the weighted mean score and standard deviation of all variables and their constructs to indicate the level of investors' attentiveness towards mutual funds in Nepal. Among those variables, investors' concerns for the players make mutual funds more effective with a mean value (3.80). Similarly, they are concerned about why should invest in common stock rather than mutual funds i.e. (3.45). Likewise, regarding what would have they do if they have excess money than basic, a mean value (3.43) was obtained. They were found least attentiveness i.e. mean value (3.11) towards the effective ways to create awareness to invest in mutual funds. Besides this, a moderate concentration with mean values (3.37), (3.36), and (3.34) were found for the problems mostly faced by mutual fund companies, the reason that investors invest in a mutual fund and future perspective of mutual funds respectively.

Regarding their constructs, they believe themselves as a key factor with mean value (4.10) but not blame to their government with a mean value (3.59) to make the mutual fund more effective in Nepal. Likewise, for the reason behind investing in the common stock rather than mutual funds, highest mean (3.82) was obtained in not having enough knowledge about mutual funds and least mean value (3.01) was found for the mutual funds providing less return than other securities among the respondents. Similarly, most of the respondents agreed with a mean value (3.66) that if they have excess money, then they would prefer to invest it in the capital market rather than spending it on fulfilling their needs with a mean value (3.15). These findings are found contradictory to Bajracharya and Mathema (2018) where they found the most inclination of the investors that is the bank deposit since they trust it as it has the safe and fixed return. Thapa and Nepal (2015) too found that most of the students are associated with bank saving. Moreover, regarding the problems that are faced by mutual fund companies, respondents highly believed because of the political environment and least due to social norms and values with mean values (4.13) and (2.57) respectively. Furthermore, for the reason behind the investors' investment in a mutual fund, most of the respondents thought that mutual funds are perfect for small investors with a mean value (3.84). But they believed that it would utilize professional management with least mean value (2.66) among other reasons. In addition, Nepali mutual fund companies have good future prospectus. In light of this statement, the majority of the respondents have an opinion that there is an influence of international market with a mean value (3.67) and they don't agree for the growing of the Nepali capital market soon with a mean value (2.68). Finally, regarding effective ways to create awareness to invest in mutual funds, they agreed that awareness through a training program with the highest mean value of (3.84) and least through the personal contact with a mean value (2.17) is effective.

Table 5

Correlation Matrix

Variable	1	2	3	4	5	6	7
1	1						
2	0.373*	1					
3	0.059	0.406*	1				
4	0.037	0.498**	0.700**	1			
5	0.095	0.512**	0.958**	0.664**	1		

6	0.055	0.501**	0.628**	0.741**	0.606**	1
7	0.134	0.519**	0.677**	0.941**	0.646**	0.815**	1

Source: Questionnaire survey, 2020
Note: Where, Statement 1 = Invest in Common stock, Statement 2 = Invest in mutual Funds, Statement 3 = players make Mutual fund more effective, Statement 4 = problems facing by mutual fund companies, Statement 5 = Priority to excess money investment, Statement 6 = Awareness about mutual funds, 7 = Good future prospectus
**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 5 shows a significantly positive correlation among the investors preferred variables. To be more specific, players make mutual funds more effective with investors invest in mutual fund and give priority to excess money investment (r=0.406, p value<0.05, r=0.958, p value<0.01) that were highly significant. Moreover, the mutual fund's future prospects with problems facing by mutual fund companies and investor's awareness (r=0.941 & r=0.815, p value<0.01) were significant. Besides, all variables have a significant positive relationship. It means that all the factors that attract the attention of the investor towards the mutual fund are interrelated.

CONCLUSIONS

Nowadays, the issuance of mutual funds has become widespread which has given many opportunities even to small investors. Meanwhile, a study was conducted through a questionnaire survey among 125 investors in Chitwan District to explore the investors' attentiveness towards mutual funds in Nepal. The collected data were analyzed with the help of statistical techniques.

The results showed that Nepali mutual fund investors were dominated by males in terms of gender as in other countries, and educated people from aged group 30 to 50 were found to be more interested in the capital market. Similarly, the Nepali students were found to be attracted towards mutual funds while in many countries they were not interested in mutual funds. Out of six general informative questionnaires, the Nepali investors acknowledged five of them successfully. It indicated that investors were very conscious about mutual funds in Nepal. Besides, proritically, the most focused variables of the investors were invested in the common stock than mutual funds, followed by the players who made the mutual fund more effective and the least one was the effective ways to create awareness to invest in mutual funds. However, the correlation among all the variables was positively significant.

Finally, this study concluded differently from the previous studies that individuals prefer to invest in the capital market rather than a bank deposit if they have excessive amount of money. Political stability within the nation and investor's training are found to be essential to respect the enthusiasm of Nepali investor's in the capital market. However, an analysis from the small area with the minimal sampling framework is one of the limitations of this study.

REFERENCES

Alexander, G. J., Sharpe, W. F., & Bailey, J. V. (2002). *Fundamentals of investment* (3rd ed.). Prentice-Hall of India.

Association of Mutual Funds in India. (2020, June). *Indian mutual fund industries average assets*. https://www.amfiindia.com/indian-mutual#:~:text=Assets%20Under%20Management%20(AUM)%20of,a%20span%20of%2010%20years.

Bajracharya, R. B., & Mathema, R. B. (2018). A study of investors' preference towards mutual funds in Kathmandu Metropolitan City, Nepal. *Journal of Advanced Academic Research*, *4*(2), 130–138. https://doi.org/10.3126/jaar.v4i2.19543

Bodie, Z., Kane, A., & Marcus, A. J. (1995). *Essentials of investments*. IRWIN.

Cheney, J. M. & Moses, E. A. (1992). *Fundamentals of investments*. West Publishing Co.

Eldrum, R. (2020, July 22). *18 Mutual funds you can buy in Nepal*. https://toughnickel.com/personal-finance/Mutual-Funds-in-Nepal

Elhaj, M. (2020). Cognizance level of retail investors with reference to mutual fund investment - An empirical study. *Emperor International Journal of Finance and Management Research, 6*(5), 42-47.

Graham, J. R., Harvey, C. R., & Huang, H. (2016). Investor competence, trading frequency, and home bias. *Working Paper* (76), 1-32.

Gurung, J. B. (2019). Measuring the status of IPO knowledge among university teachers. *Prithvi Journal of Research and Innovation*, *1*, 1–8.

Mishra, S. (2014). Behavioural study of commodity investment. *Global Journal of Business Management, 8*(2), 11–23.

Paudel, N. P. (2010). Scenario of mutual fund industry in Nepal: A discussion. *Journal of Management*, *8*(1), 41–47.

Pradhan, M. (2010). *Prospects and problems of mutual fund companies in Nepal* (Unpublished master's dissertation). Tribhuvan University, Shankar Dev Campus, Kathmandu.

Qazi, N. S. (2014). *Shariah compliance of Islamic mutual funds in Pakistan – Perspective of small investors Report to national university of computer and emerging science.* https://www.academia.edu/8355650/Shariah_Compliance_of_ Islamic_Mutual_Funds_in_Pakistan_Perspective_of_Small_Investors_Final_Ye ar_Project

Rakhal, D. (2017). Current status of mutual fund schemes in Nepal. *Journal of Nepali Business Studies*, *10*(1), 85–95. https://doi.org/10.3126/jnbs.v10i1.19136

Rathnamani, V. (2013). Investor's preferences towards mutual fund industry in Trichy. *Journal of Business and Management, 6*(6), 48-55.

Rouwenhorst, K. G. (2004). The origins of mutual funds. *Yale ICF Working Paper No. 04-48,* 1-33.

Securities Board of Nepal. (2020, January). *Investor awareness and capital market training program.* http://sebon.gov.np/uploads/uploads/DzSBGx79iGdZsYZ gLO23mNYdc2YTz4SkNbiZDxz7.pdf

Shrestha, P. (2018). A study on investor's attitude towards government securities in Nepal. *Journal of Business and Social Sciences*, *2*(1), 67–78. https://doi.org/10.3126/jbss.v2i1.22829

Tam, O. K. (1991). Capital market development in China. *World Development*, *19*(5), 511–532. https://doi.org/10.1016/0305-750X(91)90191-J

Team, N. (2019, March 17). *Mutual funds in Nepal: Way ahead*. https://www.newbusinessage.com/MagazineArticles/view/2449

Thapa, B. S., & Nepal, S. R. (2015). Financial literacy in Nepal : A survey analysis from college students. *NRB Economic Review*, *27*(1), 49–74.

Upadhyaya, T. P., & Chhetri, S. (2019). Performance base empirical analysis of mutual fund of Nepal. *Journal of Financial Risk Management*, *8*(02), 43–54. https://doi.org/10.4236/jfrm.2019.82004

Wikipedia, (2020). *Mutual fund today*. https://en.wikipedia.org/wiki/Mutual_fund#:~:text=At%20the%20end%20of%202019,United%20Kingdom%3A%20%2426.7%20trillion