

White Paper

Understanding Investing Habits

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web polls made easy

Understanding Investing Habits

How do investors benefit from the polls?

Value Research (www.ValueResearchOnline.com) is an independent provider of investment information. Founded in 1990, they capitalise on their unique position as the first dedicated fund research company in India. Closely tracking the universe of Indian mutual funds, they have emerged as the most trusted provider of mutual fund information in India.

Today **“Source: Value Research”** is the most widely used mutual fund performance attribution in India. Well known for fund performance reporting and Fund Ratings – the first risk-adjusted rating system for managed funds (since 1994), they publish our mutual fund data, ratings and commentary through Internet and print services.

Value Research is a company that follows methodologies which include heavy data analysis and ratings. **They started using Micropoll with their primary goal of understanding audience investing habits.** Because of their strategy to provide relevant investing content to their loyal investing audience, the type of content had to be relevant to their investing behaviour.

Even in Value Research's most recent poll during the holidays, they saw:

- > **Over 1000 respondents** indicating how frequently they check their mutual fund performance
- > How many Non-Resident Indians (NRI) used their site and **what their habits** were
- > **Increased engagement** of their readers and willingness to participate in quick polls



ABOUT MICROPOLL

Micropoll, founded in 2004, is the world's leading online polling software provider. Their software has empowered many content providers the ability to collect information, opinions and gauge trends in different industry segments.

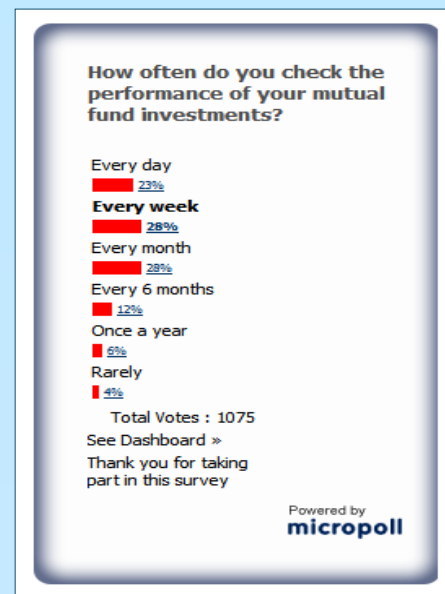
The importance of understanding investing habits

Since the beginning of the nineties, India has successfully achieved several reforms aiming at liberalising and modernising its economy. This has entailed dynamic performances in numerous sectors such as Food Processing, Information technology, Engineering or Telecommunication. This trend is expected to continue with further trade opening, an amelioration of the infrastructure and an important growth of consumption. Its huge market, stimulated by a relevant part of the population has a consumption rate which is getting close to American standards.

What fund research companies like Value Research have found out is that these economic trends, mutual fund ratings and mutual fund performance are not the only factors that motivate investors to trade. Deeply ingrained habits also decide when, what and how much they trade. What some call 'Behavioural Finance' is a key factor in how an investor's portfolio and performance shapes up.

Value Research always needs the ability to out how their investors behave in a financial setting. This behaviour is caused by two things: how investors think and how investors feel. Although most recent research deals with these psychological influences in investor decision-making, humans are social creatures. People do not make decisions based on just internal inputs – they communicate with others. The social influences of the media (including social media) as well as friends, colleagues and relatives also affect investment decisions. Checking the pulse of the investors provides Value Research the ability to tailor their recommendations and customize content based on investment behaviour.

ONLINE POLLS



Where would you prefer to invest in for regular income?

- Annuity
- Bank Fixed Deposit
- Post Office Monthly Income Plan
- Mutual Fund - MIP
- Income Fund

VOTE

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“Micropoll ensured that our investment interests were communicated to Value Research”

– Ajit Nair, Reliance Financial Distribution and Advisory Services Ltd.

Why is it important for fund research companies?

Portfolio theory suggests that (apart from transaction costs) everyone should participate in all security markets.

With simple polls on their websites, it gets absolutely clear that many investors neglect major asset classes.

Educating the investors about these asset classes is easy, once they find out what they are. Polls help the research companies here.

Non-participation may derive from salience bias, or from mere exposure (familiarity). Investors are subject to a strong bias toward investing in stocks based in their home country and in their local region. Isolating bias is easy based on getting feedback by associating specific polls to fund types

How do investors benefit from the polls?

Certain groups of investors change their behaviours in parallel ('herding'), in some cases engaging in momentum (or positive feedback) trading and in other cases in contrarian trading. The interesting point is that the same investor might use all of the above behaviours. Pointing this out to the investor before they actually make the trade is perceived as a huge benefit by the investor. This is again achieved by asking the right questions by the fund research companies in their polls and correlating the questions to investment behaviour and the current market settings.