



Comparative study on investor's preference over
short term v/s long term investment

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Abstract

In this research paper based on investors preference on short term and long term investment. And the understand of the behavior of investors preferences towards investment planning. And view of different investors to different investment planning. Using the primary data to know the investors mind for financing activity.

Introduction

An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.

Understanding Investment

Investing is putting money to work to start or expand a project - or to purchase an asset or interest - where those funds are then put to work, with the goal to income and increased value over time. The term "investment" can refer to any mechanism used for generating future income. In the financial sense, this includes the purchase of bonds, stocks or real estate property among several others. Additionally, a constructed building or other facility used to produce goods can be seen as an investment. The production of goods required to produce other goods may also be seen as investing.

Taking an action in the hopes of raising future revenue can also be considered an investment. For example, when choosing to pursue additional education, the goal is often to increase knowledge and improve skills in the hopes of ultimately producing more income. This is also the main goal of reading articles on Investopedia. Because investing is oriented toward future growth or income, there is risk associated with the investment in the case that it does not pan out or falls short. For instance, investing in a company that ends up going bankrupt or a project that fails. This is what separates investing from saving - saving is accumulating money for future use that is not at risk, while investment is putting money to work for future gain and entails some risk.

Long term investment

Long-term investing has not proved easy to define as it more closely resembles an attitude towards investing than an investing style that can be captured in a single formulaic sentence. Although there are many different perspectives, long-term investing can be usefully defined as investing with the expectation of holding an asset for an indefinite period of time by an investor with the capability to do so. Typically this long-term investment is expected to be held for at least 10 years or through an entire business cycle. Critically, this definition focuses on the intent of the investor when making the investment and the investor's ability to follow through on that intention in the face of market pressure.

This definition is more flexible than other descriptions in that it encompasses long-term investment strategies that use liquid as well as illiquid instruments, in contrast to many definitions that focus exclusively on an asset's liquidity. Similarly, our definition recognizes that genuinely long-term investments might be sold more quickly if the market puts a high enough value on them, as opposed to others who define long-term investing solely in terms of the length of period the asset is eventually held, whether for three, ten or thirty years.

Short term investment

Short term investment, also known as temporary investment or marketable security, is a debt or equity security that is expected to be sold or converted in cash in short period. In other words, it's a stock or bond that management hold to earn a quick return and plans or selling in the current accounting period.

Short-term investments have two main requirements. First, they must readily be convertible to cash. This means that obscure investments in privately held companies couldn't be classified as a short-term investment. If it can't be sold easily and readily, it isn't a marketable security.

KEY TAKEAWAYS

Investment is the act of putting money to work to start or expand a business or project or the purchase of an asset, with the goal of earning income or capital appreciation.

Investment is oriented toward future returns, and thus entails some degree of risk.

Common forms of investment include financial markets (e.g. stocks and bonds), credit (e.g. loans or bonds), assets (e.g. commodities or artwork), and real estate.

Investment and Economic Growth

Economic growth can be encouraged through the use of sound investments at the business level. When a company constructs or acquires a new piece of production equipment in order to raise the total output of goods within the facility, the increased production can cause the nation's gross domestic product (GDP) to rise. This allows the economy to grow through increased production based on the previous equipment investment.

The IS-LM model, which stands for "investment-savings" (IS) and "liquidity preference-money supply" (LM) is a Keynesian macroeconomic model that shows how increases in investment at a national level translate to increases in economic demand, and vice-versa.

Investment Banking

An investment bank provides a variety of services designed to assist an individual or business in increasing associated wealth. This does not include traditional consumer banking. Instead, the institution focuses on investment vehicles such as trading and asset management. Financing options may also be provided for the purpose of assisting with these services.

Investment banking is a specific division of banking related to the creation of capital for other companies, governments and other entities. Investment banks underwrite new debt and equity securities for all types of corporations, aid in the sale of securities, and help to facilitate mergers

and acquisitions, reorganizations and broker trades for both institutions and private investors. Investment banks also provide guidance to issuers regarding the issue and placement of stock, such as with an IPO or rights offering.

Investments and Speculation

Speculation is a separate activity from making an investment. Investing involves the purchase of assets with the intent of holding them for the long term, while speculation involves attempting to capitalize on market inefficiencies for short-term profit. Ownership is generally not a goal of speculators, while investors often look to build the number of assets in their portfolios over time.

Although speculators are often making informed decisions, speculation cannot usually be categorized as traditional investing. Speculation is generally considered higher risk than traditional investing, though this can vary depending on the type of investment involved. Some consider speculation more akin to gambling than anything else.

Growth and Evolution of the Stock Markets

The size of world stock market grew steadily in the 1970s and 1980s and crossed the \$12 trillion figure in 1993. The share of the US market decreased tremendously from more than 50% to less than 35%. In recent years, the importance of Asia has grown dramatically and its share and its share in the world market have multiplied three times. During 1980s, the stock markets emerged rapidly in the developing countries. In Africa, stock markets opened in Egypt, Morocco and Ivory Coast, but with limited growth. The growth has been faster in Latin America, especially in Brazil and Mexico. However, most dynamic growth was experienced in Asia, particularly in India, Indonesia, Malaysia, Thailand, Korea and Taiwan. Most of these markets are closed to foreign investors, but after 1994 these markets have progressively opened to the international investors. In the early 1990s, due to a wave of Liberalization, countries falling under Eastern Europe such as Hungary and Poland opened their market to attract foreign investments. The New York Stock exchange is within the top function, in terms of transaction quantity accompanied by means of the Tokyo Stock Exchange and London Stock Exchange. However, depending on the market activity, turnover on major stock exchanges can vary widely from one year to the next. Therefore, comparison of country wide market liquidity based in this variable may want to result in distinct conclusions if distinct years were observed.

INVESTMENT IN INDIAN SCENARIO:

India is becoming top investment destination today, it has a vast potential for foreign investment and foreign players. India is the fourth largest economy in the world and it has the second largest GDP among developing countries in terms of purchasing power. Various research studies carried out across the globe confirm the fact that India and China will rule the world in the 21 century. The wealthy countries of Europe had seen supreme decline in global GDP share by 4.9% points, followed by the US and Japan with a decline of about 1 percent points each. Recent studies shows the share of the US in world GDP is expected to fall from 21 percent to 18 percent and that of India to rise from 6 % to 11% in 2025 and hence India will emerge as the third pole in the global economy after the US and china.

By 2025 the Indian economy is projected to be about 60% of the size of the US economy. The transformation into a tripolar economy will be complete by 2035, with the Indian economy only a little smaller than the US economy but larger than that of Western Europe. By 2035 India is likely to be a larger growth driver than the six largest countries in the EU though its impact will be a little over half that of the US. India which is now the fourth largest economy in terms of purchasing power parity, will overtake Japan and become third major economic power within 10 years.

Success in investing in India will depend upon the following factors –

1. Accurate estimation or at least feasible estimation of the India's potential
2. Proper risk assessment while investing in India
3. Proper understanding of the India financial system
4. Careful strategic planning backed by thorough research on investment industry.

Failure in investing in India can depend on the following factors –

1. Underestimation of India investment intricacies
2. Overestimation of investment potential in India
3. Complexities and reservation of Indian system.

Various form of investment:

1. Long term investment:

A. Stocks:

In a lot of ways, stocks are the primary long-term investment. They have the following advantages:

- They're "paper" investments, which means you don't have to manage a property or a business.
- They represent ownership in profit-generating companies. In a real way, investing in stocks is investing in the economy.
- Stocks can rise in value, often spectacularly over the long-term.
- Many stocks pay dividends, providing you with steady income.
- Most stocks are very liquid, enabling you to buy and sell them quickly and easily.
- You can spread your investment portfolio across dozens of different companies and industries.
- You can invest across international borders.

The many benefits of investing in stocks haven't been lost on investors. The average annual return on stocks, based on the S&P 500, is on the order of 10% per year.

That includes both capital gains and dividend income.

And when you consider that it's the return on investment over something close to 100 years, it means it has produced those returns in spite of wars, depressions, recessions, and several stock market crashes.

For that reason, nearly every investor should have at least some of his or her portfolio invested in stocks. Though some investors are active traders, and there are even some who engage in day trading, a buy-and-hold strategy over many years tends to produce the most consistent results.

B. Long term bonds:

Long-term bonds are interest-bearing securities with terms greater than 10 years. The most frequent terms are 20 years and 30 years.

There are different types of long-term bonds, including corporate, government, municipal and international bonds.

The primary attraction of bonds is usually the interest rate. Since they're long-term in nature, they usually pay higher yields than shorter-term interest-bearing securities.

For example, while the yield on the US 5-year Treasury note is currently 2.61%, the return on the US 30-year Treasury bond is 3.03%. The higher yield is to compensate investors for the greater risks involved in longer-term securities.

The biggest risk to bonds is that interest rates will rise. Let's say you purchase a 30-year US Treasury bond with a 3% yield in 2018. But by 2020, the yield on similar securities is 5%.

The risk is that you will be locked into the bond for another 28 years, at a below-market interest rate.

But that's hardly the worst of it. Bond prices tend to move **inverse to interest rates**. That means when interest rates rise, the market value of the underlying bond declines.

In the example above, a \$1,000 bond paying 3% – or \$30 per year – would have to fall to \$600 in order to produce a 5% yield, consistent with the new market conditions.

You'll still get your full \$1,000 face value on the bond if you hold it to maturity. But if you sell it at the discounted market price, you'll lose money.

How Bonds can Become One of the Best Long-term Investments

If interest rates fall below the rate you purchase your bond at, the market value of the bond could rise.

Let's use the same example as above, except that in 2020 interest rates on the 30-year bond have fallen to 2%.

Since your bond is yielding 3%, it may rise to a market value of \$1,500, which would produce an effective yield of 2% (\$30 divided by \$1,500).

In a falling rate environment, bonds would not only provide you with interest income, but also capital appreciation – much like stocks.

Now in all fairness to reality, that's an unlikely scenario right now. Interest rates continue to be running at near record lows. For example, the 30-year US Treasury bond yielded over 15% back in 1981, and spent much of that decade in double digits.

The long-term average yield has been more in the 6% to 8% range. If that's the case, declining interest rates from here looks pretty unlikely.

C. Mutual funds:

Mutual funds and exchange-traded funds aren't actually investments themselves. Instead, they function as portfolios of a large number of different stocks and bonds.

Some are professionally managed, while others track popular market indexes.

But because of that diversification and management, each can be one of the best long-term investments available.

Funds are particularly valuable for people who want to invest but don't know much about the process. All you need to do is allocate a certain amount of your investment capital into one or more funds, and the money will be invested for you.

Also, most people who invest in individual stocks and bonds don't perform as well as funds do.

Funds offer advantages beyond investment management. You can use funds to invest in the financial markets virtually any way you want.

For example, if you want to invest in the general market, you can choose a fund that's based on a broad index, like the S&P 500. Funds can also invest in either stocks or bonds.

D. Exchange Traded Funds (ETFs):

ETFs are set up similar to mutual funds, in that they represent a portfolio of stocks, bonds or other investments.

But unlike mutual funds, ETF's are *passively managed*. That means that rather than specific securities being selected within the fund, it instead invests in an underlying index.

The most common is the S&P 500. That gives the fund full exposure to the US large-cap market.

And since it includes the largest companies in virtually every industry, all major industry sectors will be included.

ETFs can also invest in mid-cap and small-cap stocks, based on indexes that represent those markets.

In each case, the ETF attempts to closely match allocations in the underlying index. This includes not only the number of stocks in the index, but also matching the percentage representation in the index of each security.

The limitation of ETF's is that they merely seek to match the performance of the underlying index, not to exceed it.

But ETFs are generally lower cost than mutual funds. For example, a lot of mutual funds charge load fees of between 1% and 3% of your investment. ETF don't charge load fees.

The primary trading fee on ETF's is the broker commission. That's usually comparable to stocks, and runs between \$5 and \$10 at major discount brokerage firms.

The specific market exposure, combined with low trading costs, makes ETFs perfect if you're mostly concerned about creating a well-balanced portfolio allocation.

And since they can be purchased on a per share basis, they require a lot less investment capital than mutual funds that typically require a flat dollar amount investment, say \$3,000 or more.

E. Real Estate:

This is the next step up from owning your own home. It's more complicated than an owner-occupied house because buying it has to make sense from an investment standpoint.

For example, the purchase price and carrying costs have to be low enough to be covered by the monthly rent payment.

Another complication is that investment property has to be managed. But you can hire a professional real estate management company to do that for you – at a fee.

Still another issue is the down payment requirement. While you might be able to purchase an owner-occupied home with 3% down, an investment property will usually require a minimum of 20%.

If the purchase price of the property is \$200,000, you'll need to come up with \$40,000 upfront.

There are two ways to make money investing in rental real estate:

Rental income, and

Capital appreciation.

In most markets today, it's very difficult to buy a rental property that will reduce a positive cash flow at the very beginning. Breaking even is a more realistic goal.

But as the years pass, and rents rise, you'll begin to make a profit. This will produce a monthly income.

Best of all, once your mortgage is paid for, the positive cash flow will increase dramatically.

But it's more likely most rental real estate is purchased for capital appreciation. It works the same as it does for an owner-occupied property.

For example, if you make a 20% down payment (\$40,000) on a \$200,000 property, and it doubles in value in 20 years, you'll have a \$200,000 return on a \$40,000 upfront investment.

And once again, after 20 years, the mortgage on the property will be more than half paid. Rental real estate is one of the very best long-term investments.

F. Fixed Deposit (FDs):

Fixed deposit is investment instruments offered by banks and non-banking financial companies, where you can deposit money for a higher rate of interest than savings accounts. You can deposit a lump sum of money in fixed deposit for a specific period, which varies for every financier.

Once the money is invested with a reliable financier, it starts earning an interest based on the duration of the deposit. Usually, the defining criteria for FD is that the money cannot be withdrawn before maturity, but you may withdraw them after paying a penalty.

Features of Fixed Deposit

Fixed deposit enable investors to earn higher interest on their surplus funds

You can deposit money in a fixed deposit account only once, but to deposit more money, you need to create another account

Though liquidity in fixed deposit is lesser, you can look for higher rates of interests, which are higher in case of company fixed deposit

Fixed deposit can be easily renewed

Tax is deducted at source, from interest on Fixed Deposit as applicable, as per the Income Tax Act, 1961.

Benefits of Fixed Deposit

There are several advantages of fixed deposit investments, some of which have been given below:

They are the safest investment instruments, and offer greater stability

Returns on fixed deposit are assured, and there is no risk of loss of principal

You can opt for periodic interest payouts, to help you manage your monthly expenses

There is no effect of market fluctuations on your fixed deposit, which ensures greater safety of your investment capital

You can benefit from higher interest rates offered by company fixed deposit

Some financiers also offer greater returns for senior citizens

Taxability on Fixed Deposit

The interest earned from fixed deposit is taxable. The tax deducted at source on FD can range from 0% to 30%, depending on income tax bracket of the investor. Financiers deduct 10% TDS if your interest earned is more than Rs. 10,000 in a year, if your PAN details are available with them. However, in case your PAN details are not provided to your financial institution, 20% TDS will be deducted.

If your total income is below the minimum tax slab of 10%, you can claim a refund of the deducted TDS. You can also avoid the deduction by submitting Form 15G to your financial institution, and submitting Form 15H if you're a senior citizen. If you fall in the higher tax bracket (20% or 30%), you would have to pay extra tax over and above the TDS deducted by your NBFC or bank.

2. Short term investment:

A. Online saving account

If you're looking for a bank to invest your savings in to earn very high-interest rates, check out Discover Bank. Currently, they are paying 1.70% for their online savings account which is among the highest offered anywhere.

The account requires no minimum balance to open and charges no monthly maintenance fees. It also comes with 24/7 online access to your funds, online transfers to and from other banks, and direct deposits.

As is the case with savings accounts and money markets with all banks, withdrawals and outgoing transfers are limited to no more than six per monthly statement cycle

B. Money Market Account

Money Markets are currently paying a very close APY to one year CDs and still have immediate access to their funds. These accounts provide depositors with ATM cards, checks, and deposit slips.

Money Market accounts are based on the account balance, not the length of time you invest your money.

All of these factors combined are why many people consider money market accounts as a type of "savings account on steroids."

While there isn't much risk involved, you can potentially secure a higher rate of return

C. Certification of deposits

Banks offer a variety of terms for their deposit accounts, ranging from 3 months to 5 years. Which length of CD will work best for you depends on your timeline and how long you want your investment out of your hands?

CDs allow depositors to invest their cash for a specific length of time. The longer the term of investment, the higher the yield will be.

A client wishing to receive monthly interest payments can elect to do so at the time of app

Location. However, most individuals who buy CDs let the interest accrue until the CD matures.

The only downside to a CD is the fact that, if you need to pull money out before the maturity date, you will pay a fee. **Exception:** CIT Bank 11-month No-Penalty CD

The fee is usually equivalent to 3 months' worth of interest, and that can take a huge bite out of your earnings.

You can get the highest interest rates for CDs at online banks like Compass Bank and Discover Bank.

D. Short term bond funds

Short-term bond funds are products that are usually only managed by a professional financial advisor.

Bonds are not as stable as money markets, but they do offer the potential to earn a higher yield.

These bonds are a product of the market and will pay out according to the market's current condition in fluctuating monthly payments.

Short-term bonds usually mature in terms within 2 years or less, which can make them an ideal choice for investors with that type of timeline.

You'll need a brokerage account like Betterment, TD Ameritrade or E TRADE to be able to trade bond funds and ETFs.

There are three main short-term investments within the bond category, and each is one you could consider.

E. Municipal bond and Corporate bonds

Municipal bonds are slightly more risky than TIPS and other Treasury investments, yet a majority of municipalities do not default on their bonds.

The more significant risk is “interest rate risk.” In a low-interest rate environment, if rates rise in the marketplace, the value of the bond decreases to compensate.

If you could get 4% on a municipal bond today, that’s a great return. But if rates go up and your bond loses 6% of its value, you’re suddenly on the losing side of the equation. However, the decrease in the value of the bond only impacts you if you sell before maturity.

If you hold the bond to maturity you will get 100% of your initial investment back plus the interest yielded to you.

Corporate bonds are even riskier than municipals and Treasury bonds because they are not backed by a state, local, or Federal government.

As always, increased risk can mean an increase in your rate of return.

The same interest rate risk issue applies to corporate bonds; holding to maturity will eliminate this one piece of risk.

You’ll need a brokerage account like TD Ameritrade or E Trade to be able to trade individual bonds, bond mutual funds, and bond ETFs.

Objective of the study

- To understating the investors preferences.
- To which one is better for investment short term or long term investment.
- To identify short term and long term investment instrument.

Literature review

Investment in Indian scenario

(Dr. s. Poongavanam, 2017)

Abstract: In this research paper investment scenario in India find out the various instrument. The investment scenario in India is getting better and better due to high confidence level of the investors.

Key words: short term, long term, investment

Introduction:

This research paper identify the various investment instrument. And what is short term and long term instrument in the investment scenario. Firstly collect the GDP data and what is effect on the investment strategy. Also find out the underestimation of Indian investment intricacies. Success in investing in India will depend upon the proper risk assessment while investing in India. Various form of investment in India like mutual fund, private equity, derivatives, wealth management, investment banking. This are the different form of the investment instrument.

Conclusion

Many of the reform in India like economic reforms, and other growth rate, inflation rate that are the internal assessment to boost the investment reforms. So investors should understand about investing in India is that India is an investment goldmine for short and long term growth.

References

Dr. s. Poongavanam. (2017). *Investment in indian scenario*. vellor: Global Institution for research & education.

Advantages and disadvantage

1. Short term investment Advantages and disadvantage

Advantages

The main advantages to short-term investments are the potential for fast growth and the fact that the term may only last a few weeks to a few months. Though there tends to be more fluctuation in many forms of short-term loans, these loans allow more control over your money and it usually isn't out of your possession for very long.

Disadvantages

As mentioned above, short-term investments tend to be a bit riskier and show a much higher rate of fluctuation than their long-term counterparts. While there is a good chance that you'll make money with a short-term investment, there is also a chance that you'll lose money. This is especially the case when dealing with the stock market, since many of the short-term investments made with stocks and bonds involve precision timing to sell when the stocks or bonds are at their peak just before they begin to drop.

2. Long term investment Advantages and disadvantages

Advantages

Just the opposite of short-term investments, long-term investments have the ability to gain small amounts of money over a longer period of time. The slow but steady pace of long-term investments allow for a much greater degree of stability and a much lower risk than short-term investments. They are also ideal for making your savings or retirement fund grow. The investments usually continue to grow over the years, maturing just as you need them.

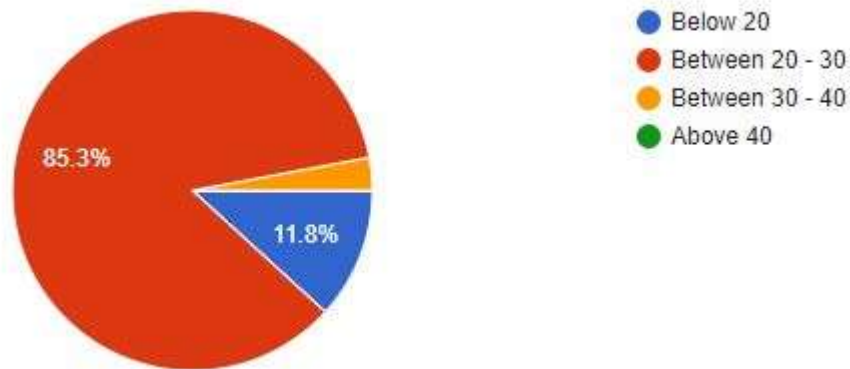
Disadvantages

Of course, the main disadvantage of long-term investments is that they increase in value slowly and can take years to mature. For those individuals who need a high yield in a short period of time, long-term investments are definitely not the way to go... between the fees that are associated with some types of investment and the small fluctuations that any investment will experience, many long-term investments might actually go down in value before they begin to climb over time. Additionally, with many of the long term investments that you'll find, you tend to have much less control over your money until the investment matures... there are usually penalties or fines for early withdrawal or selling stocks and bonds through long-term investment programs.

Data interpretation

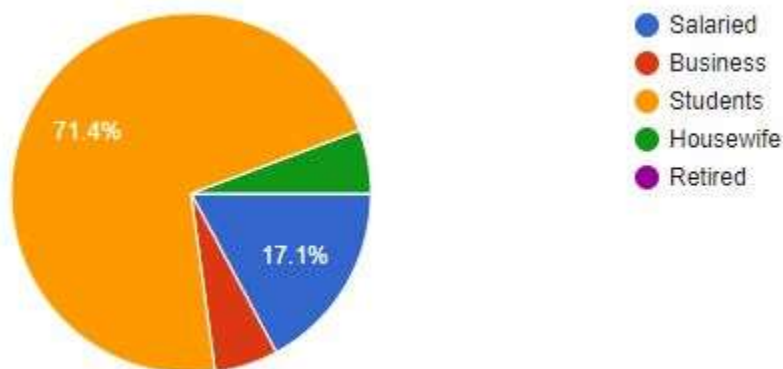
We are collect the 34 sample and know the behaviors of investors. And collect the some data to know the which one is batter investment. What is the Investors preference on Short term and long term investment?

1. What is your age?



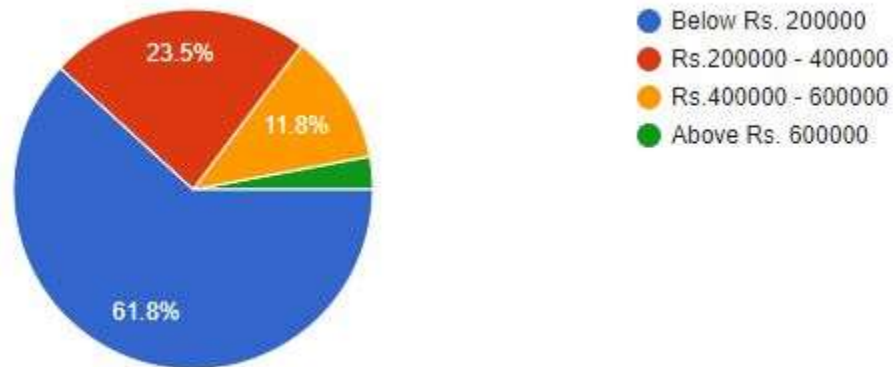
In this sample most of the age between 20 to 30. That are the total number of 85.3% out of 100% of people.

2. What is your exact occupation?



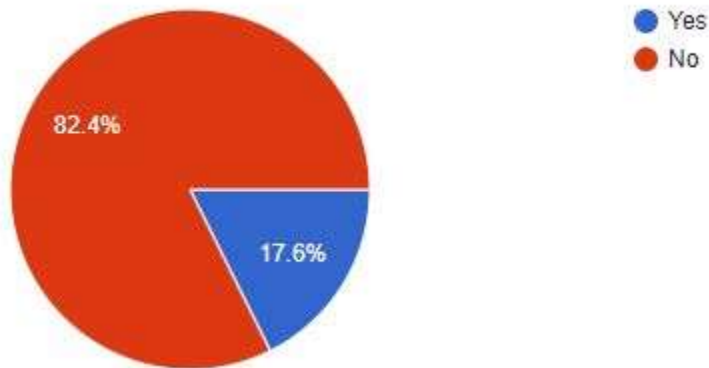
In this sample 71.4% is students are included and the 17.1% is salaried person.

3. Annual income?



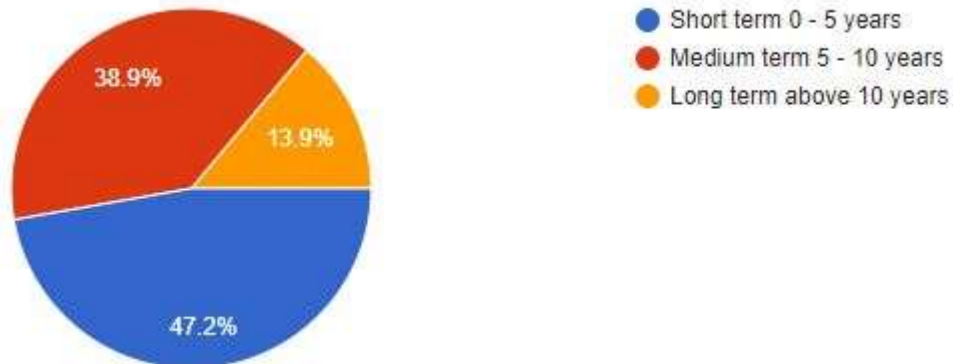
Know the annual income of investors to 61.8% people income below Rs. 200000. And the 23.5% people income is Rs. 200000 – 400000. 11.8% people income between Rs. 400000 – 600000. And other people income above Rs. 600000.

4. Any financial advisor?



In this case 82.04% people not any financial advisor this are the own way to invest money. And 17.6% have adopt the financial advisor. 17.6% people are firstly advice the advisor after the invest money.

5. How long are you looking to invest your money for?



Investors are first priority is short term investment. 47.02% people are invest money in short term. After the priority is the medium term investment terms of 5 to 10 years. After the preference of long term investment 13.09% people.

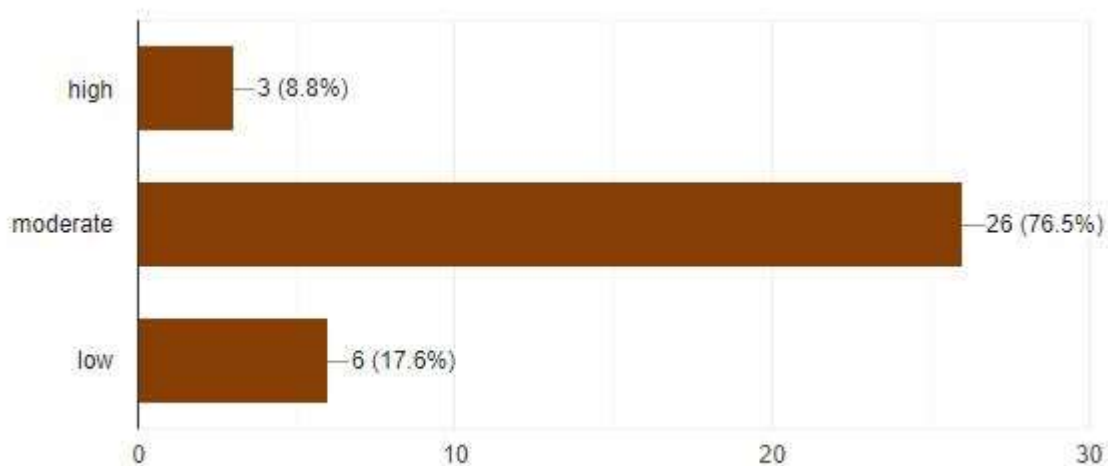
In this case investors' first priority is the short term investment.

6. How much money are you approximately looking to invest in long term investment?



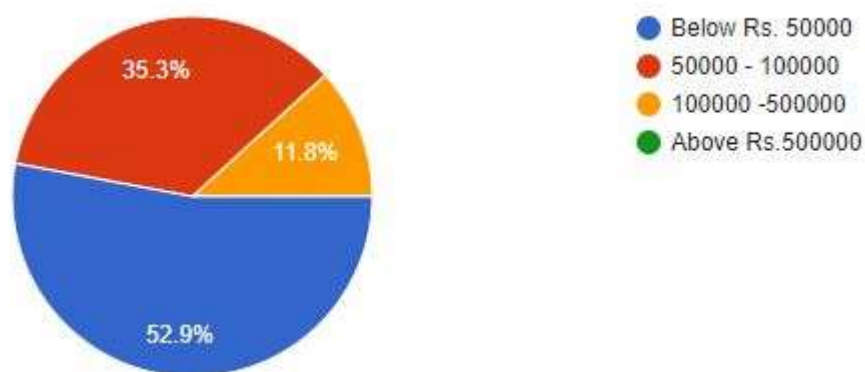
In this question ask to investors how money invest money in long term 57.1% people says below Rs. 500000 invest money for long term. And the after Rs.500000 to 1000000 for long term invest for investors. That is the 40% of people.

7. What amount of risk do you feel you have taken with your long term investment?



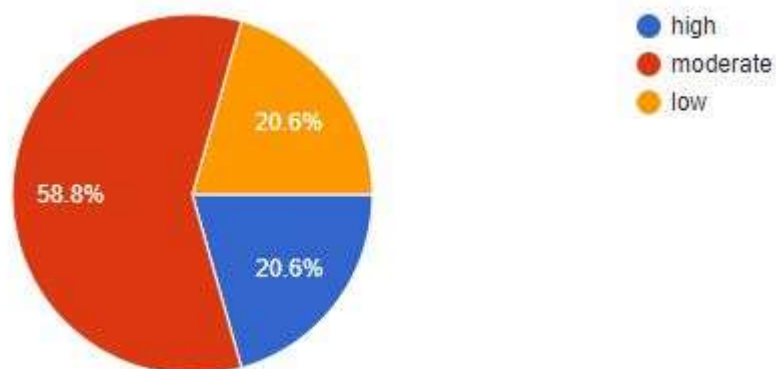
In the long term investment what is the risk to you feel? In this case 76.5% people says is moderate risk. Not perfectly assume how many risk in long term. And after the 8.8% people says is high risk in long term. After 17.6% people to feel low risk in the long term. So assume that in long term not decided earlier how many risk. Many factors are affecting the risk & reward.

8. How much money are you approximately looking to invest in short term investment?



In this question ask to investors how money invest money in short term 52.9% people says below Rs. 50000 invest money for short term. And the after Rs.50000 to 100000 for short term invest for investors. That is the 35.3% of people. And then after 11.8% people invest Rs.100000-500000 For short term.

9. What amount of risk do you feel you have taken with your short term investment?



In the short term investment what is the risk to you feel? In this case 58.8% people says is moderate risk. Not perfectly assume how many risk in short term. And after the both of case 20.6% people high risk and low risk have feel.

In short term investment many factors are affect for the investment. Main the internally issues are arise.

10. If you invest in for 5 years and after six months your own investment goes down by a significant amount. What would your reaction be?



In this question know the investors behaviors when the risk are increase what can do?

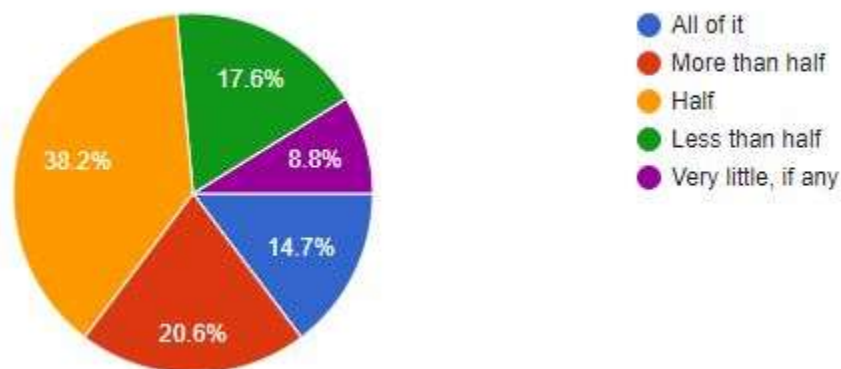
37.1% people says the monitor the investment and wait to see if it improves. That people stay with the investment.

After 31.4% people transfer money to secure investment and reduce the losses. That people not carry a losses. So to change the investment strategy.

22.9% people that are the invest more fund in the advantage for average prices.

And after the 8.6% people are withdrawal the investment. Because that is not carry a more losses.

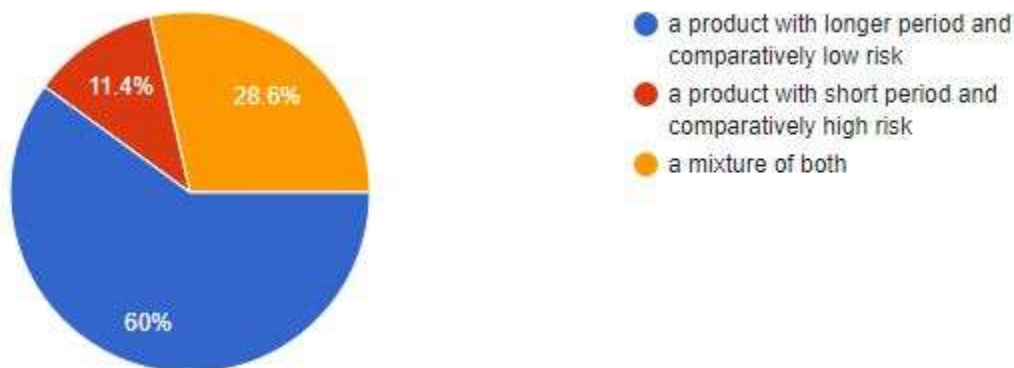
11. If you had money to invest, how much would you be willing to place in an investment with possible high returns but a similar chance of losing some of your money?



In this question to ask the people when generate high return to equal to high loss willing to in investment?

38.2% people says the half of chance to high return with high loss.

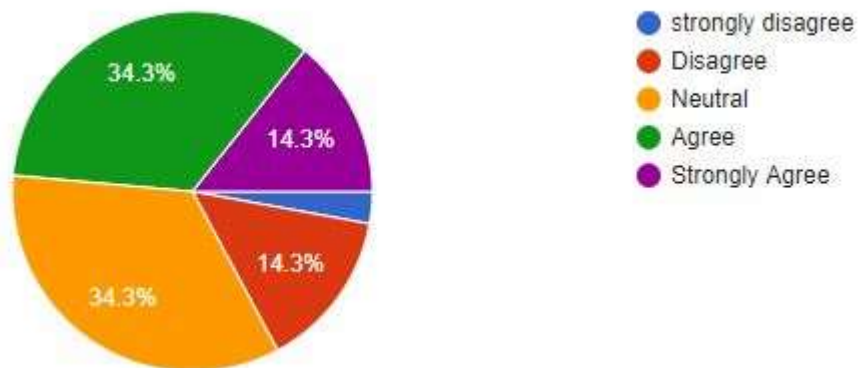
12. Imagine that you have some money to invest and a choice of two investment products, which option would you choose?



Here you can see that 60% investors perception to go for long term investment planning with low risk. So from that we can say that investors view more towards risk averse.

But only 11.4% investors go for short term investment, their view more towards risk taking investment. 28.6% investors choose mixture of both long term and short term investment planning.

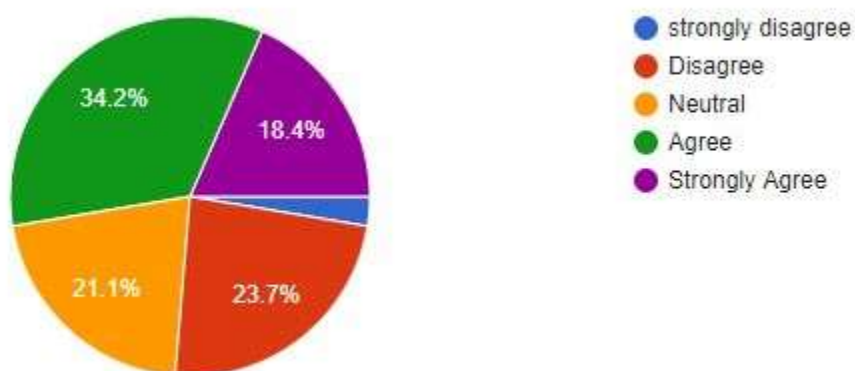
13. I would prefer small certain gains to large uncertain ones.



Here 34.3% investor preference to take small certain gains and they are agree to take certain gains whether going for large uncertain gains upon their investment because their view more towards loss averse.

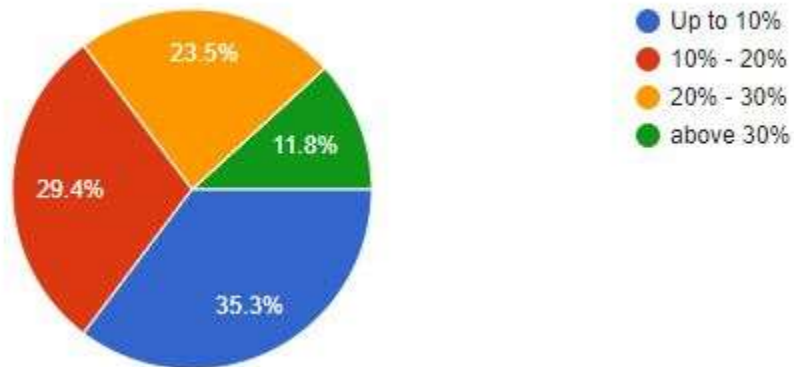
But 14.3% people prefer both whether to get small certain gains with taking some large uncertain ones.

14. I want my investment money to be safe even if it means lower returns.



Here 34.2% people are agree to accept lower returns because of safety of them investment. Their view more towards to safe investing amount with lower returns because we can say that their view like loss averse investment scenario.

15. According to your investment preferences, what would a satisfactory 5 year performance for your funds?



Here around 35.3% investors says that they are satisfy with taking up to 10% returns whether go for more longer period, only 11.8% people satisfy to get above 30% returns.

Here no more difference between 10 to up to 30% returns taker because approx. 50% investors prefer satisfy with getting up to 30% returns.

Conclusion

In the long run what matters to a society is long-term growth and development, which will be the product of short-, medium- and long-term investments, financed by short-, medium- and long-term investors, using financial instruments of different durations.

What matters to firms is the ability to raise money from investors at the lowest possible cost so that they can invest it profitably in assets of varying duration. What matters to investors is the ability to invest so as to maximize realized returns over whatever timescale they prefer.

Financial reporting should therefore facilitate investment of all durations. It does so by providing information that, among other things:

- allows investors to understand a firm's financial performance and financial position.
- establishes trust between managers and investors.

The best way in which financial reporting can assist long-term investment – or indeed investment of any duration – is by providing relevant and reliable information, so that investors can make better decisions and can feel greater trust in the firms providing the information. In this way, capital for investment is more likely to be provided and at lower cost, and allocated to the most productive investments, regardless of their duration. The nature of the relevant information does not seem to differ with the duration of the investment ie, whether it is long or short term.

Although investors are interested in long-term performance looking forward, firms do not report on their long-term performance looking back. It would be possible for them to do so in supplementary disclosures, but there would be practical challenges. Also, investors appear to be content with long-term data series that they construct themselves or buy from third parties.

It would also be possible for firms to adjust past estimates in financial statements with the benefit of hindsight. This would probably not be feasible for most firms for more than a few years and it would involve additional costs. And again there appears to be no demand from investors for this sort of information.

We are not aware of evidence that current financial reporting practices impede long-term investment, except in relation to the frequency of reporting, where there is a trade-off between the benefits of transparency and the costs of ensuring, at frequent intervals, that investors' expectations of performance are met. Nonetheless, the evidence on these matters is often sketchy. There is a substantial body of research linking financial reporting to investment in various ways, and in general – as one would expect – this finds a positive relationship between the two. But this research does not address the possible relationship between financial reporting information and the duration of corporate assets i.e., whether investment is short term or long term.

There are a number of questions on which more research would be welcome.

- What sort of investors hold on to investments in firms for the long term? Do their information needs differ from those of other investors?

- Is there, or should there be, a demand for firms in industries that invest in long-life assets to report on their long-term performance? Would the benefits exceed the costs?
- Is there, or should there be, a demand for certain types of firm – eg, those that invest heavily in intangibles – to restate with the benefit of hindsight financial reporting information for, say, the past five years? Would the benefits exceed the costs?
- Are the capital market effects of financial reporting information affected by asset duration?
- Is the frequency of internal reporting an obstacle to long-term performance?

In answering these questions it could be particularly interesting to look at evidence from countries such as Germany and Japan that have a reputation for taking a long-term view of investment, and at whether their firms have in fact out-performed in the long term.

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