

**DETERMINANTS OF RISK PERCEPTION AND
PORTFOLIO MANAGEMENT OF BROKERS IN
PAKISTAN**

By
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**NATIONAL UNIVERSITY OF MODERN LANGUAGES
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MANAGEMENT OF BROKERS IN PAKISTAN**

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Candidate of Master of Science in Business Administration at the National University of Modern languages do hereby declare that the thesis Determinants of Risk Perception and Portfolio Management of Brokers in Pakistan submitted by me in partial fulfillment of MS degree, is my original work, and has not been submitted or published earlier. I also solemnly declare that it shall not, in future, be submitted by me for obtaining any other degree from this or any other university or institution.

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DETERMINANTS OF RISK PERCEPTION AND PORTFOLIO MANAGEMENT OF BROKERS IN PAKISTAN

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This thesis has been read by me and has been found to be satisfactory regarding content, English usage, format, citations, bibliographic style, and consistency, and thus fulfils the qualitative requirements of this study. It is ready for submission to the Faculty of Advanced Integrated Studies and Research for internal and external evaluation.

Supervisor: Dr. Muhammad Asad Khan

Signature

Date:

DEDICATION

I dedicate this research to my parents and specially to my father who is a real source of motivation and inspiration to me , not because he is my father rather because of his conduct , honesty, dedication towards his profession and way of living . No doubt due to special blessing of ALLAH and prayers of my parents today I am able to complete this study.

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Thank you all very much!

ABSTRACT

Title: Determinants of Risk Perception and Portfolio Management of Brokers in Pakistan

The purpose of the study is to find out the risk-taking behavior of the brokers with respect to the demographic factors namely age, education and experience while making investment decisions. In this study three demographic factors/variables namely Age, Education and Experience of broker's and their risk-taking behavior has been used while making investment. The population of the study is 305 brokers registered in Pakistan Stock Exchange in which sample size of 170 brokers filled up questionnaires. Questionnaire was shared via Google doc with all 305 brokers and time to time reminders were given to them, so they could response soon. Survey methodology has been used in this study. Questionnaire used for primary data collection. Each respondent (Broker) had been given a questionnaire to be filled up in which 170 questionnaire forms received back. The survey forms contained 16 questions related to age, education, and experience and risk behavior of the brokers while making investment. Descriptive statistics and multiple regressions used for the purpose of analysis. The study concluded that brokers risk taking behavior has a relationship with the demographic factors (age, education and experience) while making investment decisions so the brokers have not been completely rational individuals as assumed by the traditional theory of finance.

Keywords: Risk-taking behavior, Risk Perception, Portfolio Management, Brokers, Pakistan

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CHAPTER 1

Introduction

1.1 Background

An investment decision always includes the sacrifice of immediate benefits for better future returns. An investment is always made with certain specific objectives in mind. These objectives are primarily classified as the primary and secondary objectives. While the primary objectives revolve around the risk and return part of an investment decision, the secondary objectives include the safety against inflation, liquidity, growth, tax benefit etc. Investment decisions are mostly affected by external as well as internal factor of investor itself. Traditional individual characteristic was not considered in investment decision making and preference was given to rational decision making (Bashir, Uppal, Hanif, Yaseen, & Saraj, 2013).

With study of behavior finance the research community also starts taken account of bounded rationality. The decision may be made through intuitive and heuristic. Investment decisions are made by investors but for taking stock investment decision investors need assistance of a person called Stock Brokers. Stock brokers play a basic part in stock market. A stock broker is an expert and skillful who deals in buying and selling stocks and also deals other securities on behalf of stock investors in the stock market (Bashir, Shaheen, Batool, Butt, & Javed, 2014).

This study aim is to dig out the effect of an individual broker on investment and his risk-taking ability due to demographic factors like age, education and investment experience of the broker. The study gives evidence that the demographic factors are associated with the investment choice and depends on it (Bashir et al., 2013). This work focuses on seven identified behavioral biases, namely, Market efficiency, Prospect theory, Regret aversion, Cognitive, Heuristics, Representative heuristics and Overconfidence bias. These biases effects have been checked and analyzed on the decision-making process of the brokers while making investment decision. All identified biases are jotted down below;

A market where important ongoing or present information is fully and freely available to everyone and where there is huge number of profit makers and rational investors who compete actively and also try to forecast the individual market values of securities, is defined as an efficient market. The prospect theory proposes that individuals give more importance to profits rather than losses and thus try to make such decisions that give gains to them. The Prospect Theory puts risks into two categories: those that contribute to profits and ones that contribute to losses. In order to receive a positive return individual, treat the two categories of risk differently, (Kahneman D. & Tversky, A, 1979) developed the Prospect Theory. The Regret Aversion is a psychological bias that is emerges due to extreme attentions on the feelings of regret by having a faulty or wrong decision, basically due to the results of the alternative which seem better to the investor. The basic cause of this kind of bias is the tendency that individuals dislike to confess their mistakes. Cognitive biases are those biases in which human brain sketches untrue or wrong conclusion. Such biases are thought to be form of cognitive shortcut, often based upon rules of thumb. A cognitive bias is a design of faulty judgment, often prompted by a specific situation.

Heuristic is a rule of thumb for making decision. It explains that people like to make quick decisions and make easy policies for reaching to difficult and limiting data. Availability based heuristics draw that people give more attentions to things and actions they already know. Heuristics are easy economical rules of the thumb that are planned to clarify however individuals build selections, return to judgments and solve issues, usually once facing advanced issues or incomplete data. These rules work well beneath most circumstances, however in bound cases cause systematic psychological feature biases” Kahneman (Parikh, 2011). The Representative heuristics is a cognitive bias in which people underweight the long-term averages usually by putting too much weight to current experience. Overconfidence can be summarized as unwarranted faith in one’s intuitive reasoning, judgments, and cognitive abilities” (Pompian & Wood, 2006). Due to overconfidence people underestimate the risk they take but overestimate the knowledge they have and overemphasize or overestimate the ability they get just to control the happenings, this is what discovered by psychologists.

Due to overconfidence in their ability brokers frequently think that they have ability to better perform than market. Some brokers think that they are able to forecast the stock prices movement in future effectively than others due to the information they have.

1.2 Problem Statement

According to Markowitz preferred the portfolios with lower risks instead of the ones with higher yields while forming a portfolio and diversifying it. Later on (Malkiel & Fama, 1970) developed the efficient market theory and stated that stock quotation is formed randomly and will not change related to previous quotation. Trying to answer questions like “can an investor guess the future quotation considering the past price movements or statements of companies? (Karan, 2011)” Fama firstly described the

efficient market as “fast concord of the market into new information” and later described it broadly as “asset prices reflecting all the information in the current market”.

As a result of the studies carried out in the following periods during which rational models failed to explain individual investor behavior, it was found that the choices of individuals among various and risky choices convicted with rational individual behavior and as a result, a behavioral finance approach developed as a response to this approach. Behavioral finance developed rapidly as a result of the fact that the studies of psychologists were taken into consideration by economists and created an interest. Two studies by Kahneman and Tversky, who were interested in the subject, affected the area of finance deeply. Their first study, which was on shortcut-motive errors (Kahneman and ve Tversky, 1974), was published in 1974, whilst the second study, which was on frame dependency, was published in 1979 (Bayar, 2011), and these two-people formed the basis for behavioral finance (Bayar, 2011). Unlike existing theories, Kahneman and Tversky (1979) mentioned irrational investors in their studies. In this sense, the expectation theory they suggested they are not informed about how the risk will be measured. The mean values of yields realized in the past are defend as expected return, what is assigned importance in the traditional investment conception is how investors should behave instead of studying how they behave. This study will investigate the following questions:

1. What is the impact of demographic factors on risk perception of stock brokers?
2. What effect do demographic factors have on portfolio management by stock brokers?

1.2 Objectives of the study

1. To find out the relationship between demographic factor and risk perception
2. To find out the relationship between demographic factor and portfolio management

1.4 Significance of the study

This study has the significance for the individual investors to know the demographic factors (age, education and experience) which affect their investment decisions. This study reveals the broker's demographics and their risk-taking behavior while making investment decisions. This study provides evidence that the broker's investment decisions are affected by the demographic variables such as age, experience and education. The interruption of the biases can be avoided if brokers take steps by gaining knowledge about the biases while making investment decision.

1.5 Purpose of the study

Psychological biases and personality traits affecting investment behavior are over significance, risk tolerance, self-monitoring and social influence (Kourtidis, Šević, & Chatzoglou, 2011). (Nagy & Obenberger, 1994) conducted a survey on determining the underlying criteria that affect decisions of individual equity investors with substantial holdings in fortune 500 firms. According to empirical evidence, wealth-maximization criteria were found significant among respondents while the effect of recommendations of brokerage houses, individual stock brokers, family members and co-workers were identified as insignificant.

CHAPTER 2

Literature Review

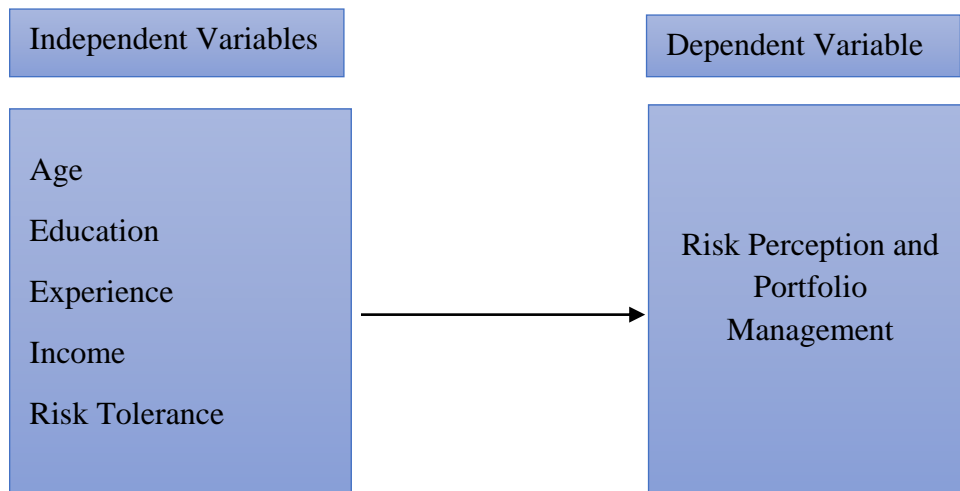
2.1 Research Gap

From the literature given above it is concluded that many researchers have done work on investor's demographics and their risk taking behavior but they did not work on broker's demographics and their risk taking behavior which also effect the investment decisions so by this study it is concluded that brokers play a main part in investment decisions because they give recommendations and mostly trade on behalf of their customers or individual investors so they should be aware of the biases which can affect their investment decision.

2.2 Theoretical Framework

The current research is established on the theoretical framework illustrated in Figure 1. Our objective is to investigate the impact of demographic characteristics (age, gender, education level, and income) and risk tolerance on risk perception and portfolio management. A 16-item questionnaire will be administered to a sample of 170 respondents. The questionnaire (see Appendix) comprised four sections: (i) age, gender, marital status, education level, and occupation; (ii) risk tolerance (six items), (iii) risk perception (nine items) and portfolio management (six items).

Figure 1. 1: Theoretical framework



2.3 Dependent Variable

Behavioral finance has been given importance in closing a long time; consequently, researchers are curious to know the role of behavioral aspect in person investor's investment choice making system. Whilst we examined applicable literature, elements influencing person buyers' mind-set have been categorized into two companies, namely social and economic factors, in well-known. But recent literature placed emphasis on social factors in fashionable and behavioral factors (mental biases and personality traits) specifically that have an effect on buyers' choices, because the fluctuations in economic markets couldn't be explained with the essential doctrines of finance literature.

Factors that determine the risk-associated attitudes of individual investors are of great concern within the discipline of behavioral finance, which looks at character attributes (e.g., mental) that play a key function in funding and financial choices. Risk refers back to the uncertainty associated with a final result and arises when there are doubts about at the least one feasible outcome. Assessing the level of danger includes perceiving its state, which shows that the notion is defined by means of objective realism (Bashir et al., 2014).

Mental biases and character traits affecting funding behavior are over significance, risk tolerance, self-monitoring and social influence (kourtidis et al., 2011). (Nagy & Obenberger, 1994) carried out a survey on determining the underlying standards that affect selections of man or woman equity investors with widespread holdings in fortune 500 firms. In step with empirical evidence, wealth-maximization standards had been found widespread among respondents at the same time as the effect of guidelines of brokerage homes, individual inventory brokers, family individuals and co-people have been identified as insignificant.

An individual's danger-taking movement is affected in particular with the aid of chance notion and attitude argue by the Sitkin and Pablo (1992) and Sitkin and Weingart (1995). Weber and Hsee (1998) record that individual decision-making is inspired by way of danger perception inside the case of investment choices inside the bonds market. Vlaev, Chater, and Stewart (2009) examine investors' choices for wonderful approaches of transmitting hazard-related records and notice that hazard supplied in phrases of a median maximum (fine) or minimum (worst) is deemed leading. Slovic (2000) factors out that chance is inherently subjective: the method of hazard belief connotes a goal scenario that is itself formed by using revel in, feelings, and expertise.

The traders with a higher danger tolerance are much more likely to make portfolio decisions show by the Prabhakaran and Karthika (2011). Danger tolerance therefore has a right away effect on buyers' funding selections and determines the composition of various belongings in the portfolio. Person buyers' chance tolerance may exchange over the years on account that it's miles stimulated by means of diverse exogenous factors, for instance, main life studies (Cordell, 2002).

An investor who is of the same opinion to accept uncertainty at an extreme stage whilst creating a financial choice is termed risk-tolerant. This signifies the degree of unpredictability in returns that the individual is willing to tolerate. Danger tolerance is a tremendous factor in funding decisions. People have to realistically consider their potential and willingness to endure use and downs within the value of their funding. Traders who tackle an excessive amount of risk may additionally panic and promote at the wrong time. The capacity and willingness to accept failed funding decisions at the same time as awaiting the value of the funding to growth is part of risk tolerance. traders who're averse to taking the risk that their investments would possibly drop in charge have little or no threat tolerance (Bashir et al., 2014)

Portfolio management entails building and retaining a collection of investments. Budget are invested in awesome securities that limit the portfolio's total danger even as maximizing general returns. Portfolio management combines the weaknesses, strengths, threats, and possibilities related to a sure desire of debt, fairness, national and international conditions, progress, and other tradeoffs. The venture in portfolio control is to maximize returns at a given level of chance tolerance. This entails hedging risks to attain the most possible return whilst minimizing the risk concerned. On this context, Markowitz (1952) suggests that portfolio managers diversify their portfolio on the idea of the variance and mean.

According to the Yordanova & Alexandrova-Boshnakova (2011) check out the effect of gender on threat belief, propensity, and conduct, based on a sample of 382 Bulgarian entrepreneurs. The use of Phusavat, Sitko-Lutek, & Ooi (2012) version of risk behavior and different research on exclusive cognitive factors, they locate that gender has an oblique effect on risk perception thru danger propensity and overconfidence. The gender effect on chance-taking tendency is mediated partly through age, final results history, and

chance choices. Both male and woman marketers had the identical risk stage, but the latter had a decrease hazard propensity than their male opposite numbers.

According to the (Bashir et al., 2013) look at the affiliation between demographic variables and investment possibilities on the subject of stocks and playing decisions amongst a pattern of salaried finance instructors and bankers in Sialkot and Gujrat. The authors have analyzed chance versions among salaried people based totally on earnings, age, education stage, and gender. Their findings show that girls are more reluctant to take on risk than men. More youthful as well as better-knowledgeable human beings are also willing to take greater threat however hesitate due to aid shortage and shortage of investment opportunities. The observed concludes that a bad relationship exists between gambling and hazard taking when making investment choices in some non-conductive financial surroundings.

According to the (Yao, Sharpe, & Wang, 2011) take a look at the outcomes of generation, duration, and age on threat tolerance, based on pass-sectional records for 1989–2007. They encompass “infant boomers” and individuals of the “silent” and X generation in their sample of 21,167 respondents. The authors endorse a hypothesis on the basis of their conceptual framework. Significant hazard, excessive danger, and coffee chance are taken as dependent variables even as the unbiased variables consist of technology, survey year, economic elements, demographic characteristics, and perceptions. The take a look at unearths a terrible dating between age and hazard tolerance: as age will increase, the capability to recoup losses decreases.

According to the (Hoffmann, Post, & Pennings, 2013) look at how the perceptions of individual buyer’s exchange, based on hazard taking and buying and selling behavior all through the economic disaster of 2008/09. The use of a sample of one, 510 clients with

brokerage records, they gathered information via a month-to-month questionnaire administered among April 2008 and March 2009. The reliability of the variables is decided using Cronbach's alpha. Their effects indicate that traders' perceptions differ significantly in the course of an economic disaster. Chance perception and tolerance are less risky than return-related expectations.

According to the (X. L. Wang, Shi, & Fan, 2006) gauge buyers' perceptions of volatile funding in phrases of mental mechanisms within the Chinese language stock marketplace. The look at objectives to establish the threat perceptions associated with distinctive varieties of statistics, cultural history, and the impact of uneven statistics. A 42-object questionnaire was dispensed to 1,547 respondents from the Nan Fang Bond corporation's sale departments. The authors use structural equation modeling (SEM) to generate the extent of threat perception. They discover a low degree of subjective chance and an excessive degree of objective danger. Within the context of the Chinese language stock marketplace, the study recommends augmenting schooling, information, and abilities; strengthening the regularity of indexed agencies, and correcting the inventory market's useful base.

The factors affecting choice-making and risk perception amongst a sample of 100 investors in equity shares in India look at by (Rajalakshumi & Manivannan, 2017). The usage of number one information received from dealer and investor profiles and the pattern questionnaire outcomes, and drawing on secondary assets, they investigate buyers' fame in phrases of demographic variables. The authors explain that records on these determinants contributes to making better funding choices, however that extra records on gender and non-secular elements become needed to provide an explanation for investment choices.

How age, gender, and training have an effect on danger tolerance amongst buyers in Ireland observe by (Lucey, Mulholland, & Larkin, 2011). Their methodology comprised socio-demographic questions that were requested to decide the conduct of individuals towards threat taking and 13 questions about monetary chance tolerance within the shape of a questionnaire. The authors conclude that age does no longer affect danger tolerance even as gender does. Chance tolerance amongst buyers has a negative relationship with domestic ownership and a high-quality dating with household earnings and training stage. Chance tolerance changed into found to boom with schooling stage and decrease with homeownership.

The connection between investment behavior, danger belief, and hazard attitude decide by the (Shafi, Akram, Hussain, Sajjad, & Rehman, 2011). They show how buyers who are personnel of an employer understand danger relative to different traders. The study takes under consideration different factors, including persona traits (of traders), self-belief degree, length available in which to invest, and degree of go back. The authors discover a sturdy affiliation between hazard belief and traders' conduct: investors who're more confident about an investment will more likely accept greater risk. Further, the more time available in which to make investments, the much more likely traders might be to put money into volatile assets.

According to the (Van de Venter, Michayluk, & Davey, 2012) overview longitudinal studies at the shift in character investors' danger tolerance rankings over 5 years. The have a look at attempts to decide which factors impact those adjustments and if hazard tolerance adjustments over the years. Analyzing information from the clever Investor's Survey during 2002–06, they follow a regression version to determine the effects. Their findings monitor that small annual changes arise in the monetary threat tolerance of character buyers. A decline in family size also effects in a slight decline in

threat tolerance, whilst no longer the usage of the services of a financial planner causes it to upward push. Chance tolerance isn't probably to regulate appreciably over the lifetime of a character investor, implying that it's far a stable attribute.

The impact of the threat tolerance of investors nearing retirement on portfolio management investigate by the Hariharan, Chapman, & Domian, (2000). The use of data accrued inside the first wave of the health and Retirement Survey in 1992 (a sample of 15,000 people elderly fifty-one–sixty one), they rent a linear regression model with T-bills because the established variable. The study finds that danger-tolerant buyers nearing retirement did not decrease their bond allocation for the motive of buying greater stock.

According to the (Pranhakaran & Karthika, 2011) assess the impact of danger notion and threat tolerance on traders' funding selections. Applying the chi-rectangular methodology to survey data accumulated from a pattern of two hundred respondents, they find that buyers who confirmed a better risk tolerance had been more likely to make portfolio decisions. Male buyers showed an extra preference for portfolio alternatives yielding higher returns.

According to the (Weber, Weber, & Nosić, 2013) gauge buyers' perceptions of volatile funding in phrases of mental mechanisms within the Chinese language stock marketplace. The look at objectives to establish the threat perceptions associated with distinctive varieties of statistics, cultural history, and the impact of uneven statistics. A 42-object questionnaire was dispensed to 1,547 respondents from the Nan Fang Bond corporation's sale departments. The authors use structural equation modeling (SEM) to generate the extent of threat perception. They discover a low degree of subjective chance and a excessive degree of objective danger. Within the context of the Chinese language stock marketplace, the study recommends augmenting schooling, information, and

abilities; strengthening the regularity of indexed agencies, and correcting the inventory market's useful base.

Investigates by the (Hou, 2015), how individuals' demographics may additionally affect their adoption of online stock trading. The outcomes imply that on-line stock traders are more likely to be male, have higher levels of training, and feature higher degrees of earnings than non-investors. Age was now not located to correlate with individuals' adoption of on line inventory trading. This look at also located that on-line stock traders fluctuate from non-investors in terms in their internet utilization behaviors as well as their attitudes closer to the internet.

According to the Van de Venter et al., (2012) academics are divided as to whether monetary threat tolerance is an enduring mental trait and consequently is less probable to alternate over the existence of an person, or a variable psychological nation which varies quite simply in reaction to inner and outside affects. In this take a look at we file the findings of a longitudinal study that investigates the yearly alternate in financial threat tolerance ratings of individuals over a 5-yr duration and the elements that affect such exchange. Our outcomes suggest a rather small annual trade in individuals' monetary risk tolerance. Despite the fact that our regression model is useless in providing a clarification for an exchange in the financial chance tolerance scores of person respondents, we find a slight decrease in monetary chance tolerance related to a decrease in household length and a growth in financial hazard tolerance after terminating the offerings of an economic planner. From our consequences we recommend that financial risk tolerance is a strong persona trait and is unlikely to exchange considerably over the life of a man or woman.

According to the Yordanova & alexandrova-boshnakova (2011) the studies intention of the have a take a look at is to research the gender outcomes on hazard

propensity, threat belief, and risk behavior of marketers distinguishing between direct and indirect gender effects. The check seeks to deal with the gap within the know-how of the hyperlink among threat-taking, danger propensity, and risk notion within the context of women and risk (Brindley). Primarily based on Sitkin and Pablo's version of hazard conduct and the literature on cognitive elements as determinants of chance notion, the paper provides hypotheses approximately the hyperlink amongst gender, chance perception, hazard propensity, and chance conduct. The proposed hypotheses are examined on a sample of 382 Bulgarian marketers. Despite the fact that girl and male marketers have comparable risk perceptions, woman marketers are likely to have a lower threat propensity than male entrepreneurs. Danger propensity mediates virtually the impact of gender on risk behavior. The impact of gender on threat propensity is mediated in part by using risk desire, final results information, and age. Gender has an indirect effect on risk belief thru overconfidence and risk propensity. The paper's functionality to attract causal inferences is confined via the use of the skip-sectional nature of the examiner. The effects may not be relevant to other worldwide locations and occupations. The findings help to make clean the motives for gender versions in hazard conduct and threat propensity of entrepreneurs and to design behavioral interventions.

The test inspected the relationship among the risk resilience and age. For that creators gathered a fact from the board of overview of supporter money inside the way of 1983-89. Creators advanced a theory ways of life cycle subsidizing and their risk resilience develop to be estimated by means of proportion of the danger resource for surely understood riches. The entire riches is characterized by methods for the total of human capital and net pleasantly well worth. Through the assessment of clear rigging, the creators suggest that the possibility resistance increment with the development in the age (wang and hanna, 1997).

The examinations end up being intended to choose the impacts of money related and statistic variable and components related with the hazard resistance. The creators get certainties from the 1992 overview of client money. They utilized a strategic relapse assessment and chi rectangular measurements to choose the risk resilience in units of differing factors. They complete that the woman is an extraordinary arrangement considerably less danger resistance as examine to male with having an equivalent possess family profit. The creators furthermore advocate that opportunity resilience also extend by utilizing sexual orientation, conjugal notoriety and preparing because of refinement in comprehension of the risk's temperament, (Sung and hanna, 1996).

The take a gander at expected to check alterations in financial danger resilience of speculator while returns and charges go. Consequently, he utilizes six review of buyer account with the guide of the use of stream sectional actualities from 1983 to 2001. The investigations measure the alterations in money related danger resistance degree for the span of this time. The creator finished assessment to degree the alterations in risk resistance to control respondents and family characteristics. Inquire about screen that financial threat resilience degree will increment even as returns of stock blast and the other way around. The inspector likewise put that the relationship in monetary hazard resilience and charge variance is horrible. This take a gander at lets in the speculator to avoid the predispositions of overcompensating the most recent exercises, (yao, hanna, suzanne, temper, 2004).

The creators thought about the results of statistic factors (race and ethnicity) to degree the budgetary risk resistance of blacks, Hispanics and whites. The inspected reasoned that the "blacks and whites" has additional financial hazard resilience than whites, in the wake of estimating the results of different factors. Danger mentality can have an effect at the creation a speculation lead, so proper method to take money related risk is vital for accomplishing financing objectives. Government. Organizations and financial manual

should accentuation on client venture preparing and money related peril resistance to racial and ethnic offices for better decision to accomplish their fiscal dreams. (yao,gutter, hanna, 2005).

To look at the relationship a large portion of the danger resistance, projection inclination, striking quality and value charges by methods for developing speculations. Initially, the peril resilience certificate of the speculator varies with the trade in subsidizing commercial center, and, second, customers utilize a definitive market charge to collect their danger resistance attitude. The specialists use relapse check to decide the capacity of projection predisposition and striking quality inside the arrangement of risk conduct among a comfort example of web 1355 respondents. A check result demonstrates that individual who private securities intrigued to utilize current stock commercial center insights at the season of putting in danger demeanors. Furthermore, the risk demeanors in customary and generally were fluctuating at the bases of last costs of end of the week. Money related guide supported that hazard resistance need to not be utilized as a dormant information while settling on resource allotment choice, (grable, lytton, barbara o'neill, joo, and klock, 2006).

The investigated come to be accomplished on the innovative movement together with the shot resistance of the majority of the business people and entire time enlisted people in South Africa. They select a couple control factors (age, conjugal notoriety, ethnicity, race, skill, home possession acknowledgment, tutoring, etc.) and planned a poll and collect that shape the 1054 respondents. through the examination of single direction anowa and a couple of fair-minded example advocate that the business person are additional danger resilience then the total time enlisted man or lady and non-contracted individuals. Moreover, they end that the mass and Herrington viewpoint out that there

might be innovative intrigue is exceptionally relying upon the ground-breaking enterprise instruction in South Africa (antonites and wordsworth, 2009).

The creators analyzed monetary risk resistance in identified with the worldwide money related calamity. To uncover this affirmation creator, do test and retest at the records of 2007-2009 of the purchasers who utilize the Finemetrica risk resilience study and in the wake of controlling for statistic and adjacent varieties. examine affirmed the final product that in first investigate the peril resistance changed into high anyway in retest that develop as accomplished for the 2d 1/2 of 2008 and first 50% of 2009, the hazard resilience turned out to be low, and the exchange rise as no more noteworthy than a couple of measurement factors. (gerrans, faff, neil hartnett, 2012).

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The check presumes that start request is combination with risk resistance degree. Analyst settled on 3 hundred sixty-eight people as example to gain data from a college inside the southwestern U.S., finished a psychometrically stable money related hazard

resistance measure (Grable and Lytton, 1999). This has an examine infer that previously conceived people have radical risk resistance degree and the later-brought into the world individuals have less danger resilience confirmation. Among later-conceived people male purchasers have unbalanced possibility resilience than the later-conceived young ladies. Unmistakable actualities are utilized to watch circulation of the exceptional financial and statistical factors with regards to delivery request. Thus, there is utilization of t tests to unearth any principle refinement that could exist with acknowledge to start request the various numerous statistic and resource portion patterns. (Gilliam and Chatterjee, (2011).

There are numerous viable causes for the monetary conduct of investors delivered by Wang (2009). One of the motives is financial information. The usage of survey information, this study demonstrates that, at the least for traders, their goal information, subjective facts, and danger-taking are fairly correlated. Greater importantly, gender emerges as an important factor that differentiates buyers' stages of goal know-how, subjective understanding, and threat-taking, while traders' subjective statistics mediates investors' goal expertise on hazard-taking.

According to the Sultana (2010) Indian investor these days have to endure a sluggish financial gadget, the steep market declines triggered with the resource of deteriorating sales, alarming opinions of scandals starting from illegal corporation accounting practices like that of Satyam to insider buying and selling to make funding choices. Inventory market's overall performance isn't certainly the stop end result of intelligible developments however additionally because of the emotions which is probably although baffling to the analysts. Notwithstanding loads of facts bombarding from all instructions, it is not the bloodless calculations of financial wizards, or business enterprise's usual performance or significantly often occurring criterion of stock usual performance but the investor's irrational emotions like overconfidence, worry, hazard

aversion, and so on. Appear to decisively power and dictate the fortunes of the market. this paper at the same time as discussing the characteristics of the Indian man or woman investors alongside makes an try to find out the relationship among a set up variable i.e., danger tolerance stage and unbiased variables which incorporates age, gender of an character investor on the idea of the survey. Indian traders are immoderate earnings, nicely educated, salaried, and unbiased in making funding choices and conservative buyers. from the empirical look at it turned into determined that regardless of gender, maximum of the investors (forty one%) are discovered have low hazard tolerance degree and lots of others (34%) have excessive threat tolerance degree in desire to moderate threat tolerance stage. it is also decided that there may be a robust terrible correlation amongst age and risk tolerance degree of the investor. television is the media that is largely influencing the investor's choices. because of this, this have a look at can facilitate the funding product designers to layout merchandise that can cater to the buyers who are low hazard tolerant.

Literature suggests that main studies within the vicinity of traders' conduct has been performed via behavioral scientists at the side of weber (1999), shiller (2000) and shefrin (2000). Shiller (2000) who strongly encouraged that stock market is ruled by the use of the marketplace facts which immediately affects the conduct of the investors. Numerous studies have delivered out the relationship among the demographics together with gender, age and hazard tolerance level of individuals. Of this the connection among age and risk tolerance level has attracted masses interest.

According to the Horvath and zuckerman (1993) advised that one's organic, demographic and socioeconomic characteristics; collectively along with his/her psychological make-up impacts one's threat tolerance level. malkiel (1996) advised that a man or woman's danger tolerance is related to his/her family state of affairs, lifecycle diploma and subjective elements. mitra (1995) mentioned elements that had been related

to human's threat tolerance, which included years until retirement, expertise sophistication, income and internet nicely really worth.

According to the Wallach and kogan (1961) have been in all likelihood the first to look at the connection between threat tolerance and age. cohn, Llewellyn et.al discovered unstable asset fraction of the portfolio to be definitely correlated with earnings and age and negatively correlated with marital popularity. Morin and suarez determined evidence of increasing chance aversion with age despite the fact that the households seem to turn out to be less hazard averse as their wealth will increase.

The exchange inside the volatile asset holdings were now not uniform determined by the Yoo (1994). He positioned people to increase their investments in volatile belongings in some unspecified time in the future of their working life time and decrease their hazard publicity when they retire. Llewellyn et.al at the same time as identifying the systematic patterns of investment conduct exhibited through humans discovered age and expressed threat taking propensities to be inversely associated with maximum crucial shifts taking vicinity at age 55 and past. Indian studies on man or woman investors have been greater frequently than no longer restricted to analyze on proportion ownership, besides some. The rbi's survey of ownership of shares and l.c. gupta's enquiry into the possession pattern of commercial stocks in India have been some on this route. The ncaer's studies introduced out the common shape of monetary financial savings of human beings and the components of economic investments of rural families. The Indian shareowners survey delivered out a volley of information on shareowners.

According to the Rajarajan (2003) categorized traders on the basis of their demographics. He has moreover delivered out the traders' characteristics based on their investment size. He discovered that the percentage of unstable belongings to total

economic investments had declined as the investor actions up thru numerous stages in life cycle. Additionally, buyers' life based totally completely traits has been recognized. The above discussion provides an in depth picture approximately the diverse elements of hazard research which have taken vicinity within the beyond. In the gift take a look at, the findings of lots of those researches are mounted and up to date.

According to the Lian, ma, & wang (2016) in current years, many major banks have set benchmark hobby charges to historic lows. In this paper, we provide evidence that man or woman buyers attain for yield", that is, have a greater appetite for chance taking in such low interest fee environment. We first file this phenomenon in a simple funding experiment, wherein funding dangers and danger premia are held steady. We find extensively better allocations to unstable assets within the low price situation. This achieving for yield behavior is unrelated to institutional frictions and can't be without difficulty defined with the aid of conventional portfolio choice precept. We then advocate and provide evidence for two devices of causes associated with individual's alternatives and psychology. We additionally present complementary evidence the use of ancient statistics on individual buyers' portfolio allocations and family funding flows..

According to the Dhiman and raheja, (2018) in as of late situation, venture is exceptionally basic in everyone's presence. Purchasers constantly choose financing roads unflinching with their reasonableness, risk and the arrival because of the reality there are uncommon speculation roads accessible in the commercial center. there are various components that impact the risk resistance direct of the shoppers, alongside age, sex, conjugal notoriety, appreciate, profit, family use, blessing and fate monetary reserve funds, future desires for returns and predetermination making arrangements of the speculator. Yet, the hazard resistance is additionally stricken by the persona attributes and enthusiastic insight (ei) of the clients. Subsequently, the triumphant take a gander at spotlights on the

connection among the identity inclinations, hazard resilience of the purchasers. The data ended up collected from 500 speculators who contribute through Ise securities ltd (beforehand Ise securities ltd) in Punjab with the guide of the use of a based survey. Two or three relapse investigate progressed toward becoming done through spss to test the significance of seeking the various factors. The inspector chose the connection of risk resilience with identity patterns and ei to be measurably great estimated.

According to the Avsec,takšić and mohorić (2009) tried the association among ei and the character inclinations of Croatian and Slovenian college school undergrads. The actualities changed into amassed from 257 college understudies from Rijeka and Osijek and 171 undergrad undergrads from the college of Ljubljana. The actualities have turned out to be investigated by means of relapse, connection and - way anova. They reasoned that extraversion and principles were fundamental indicators yet neuroticism changed into the greatest compelling indicator, even as extraversion and scruples have been a basic piece of the fluctuation.

The effect of ei and its measurements on portfolio by and large execution examined by Ezadinea, fathi and salami (2011). The certainties diverted into accumulated from 122 Iranian investors. The records wound up broke down with the assistance of relapse, t-tests and anova. They presumed that there was an enormous effect of ei on portfolio conventional execution. They found that portfolio in general execution and return end up being stricken by the appreciated of the dealers. khalatbari et al. (2011) dissected the members of the hover of relatives among passionate knowledge and individual propensities inside the Islamic Azad school. The records changed into amassed from 278 college understudies. The realities have been examined with the help of more than one relapse and connection. They found that there has been great connection between enthusiastic knowledge and rush scanning for inside the understudies of Islamic Azad School.

According to the Garkaz and mehrvarzi (2012) tried the connection among emotional intelligence and execution of business organizations in Tehran stock interchange. The certainties progressed toward becoming amassed from 87 gatherings. The information wound up examined by utilizing connection, Friedman investigate and mean. They presumed that there has been a connection among representatives' emotional intelligence and by and large execution. There was a connection among discretion and by and large execution, anyway there has been no connection among social awareness and by and large execution. What's more, they found that relationship control had the most effect and mindfulness had minimal effect on standard in general execution.

According to the Nawi et al. (2012) chose the interrelationship among emotional intelligence and man or lady attribute among school pioneers in high in general execution resources in Malaysia. The actualities have turned out to be gathered from 309 respondents and have turned out to be dissected through relationship. They saw that good faith, receptiveness to appreciate, extraversion and suitability had been unquestionably identified with emotional intelligence of the universities' teacher heads. The good faith characteristic had a more strong connection with the emotional intelligence than the contrary identity inclinations.

The relationship among emotional intelligence, identity patterns and mental inclinations in students examined by the Landa et al, (2013). The records end up aggregated from 259 students. The test connected progressed toward becoming relapse. They inferred that there was an incredible dating among enthusiastic side interest and neuroticism, and there has been a horrendous pursuing of passionate consideration with receptiveness and self-rule. The enthusiastic clarity transformed into adversely identified with neuroticism and have turned out to be definitely identified with extraversion.

The relationship among emotional intelligence and presence fulfillment and, second, identity advancements and ways of life fulfillment of matured people investigated by the Sami and rizvi (2013). The data changed into amassed from 100 respondents. The certainties become investigated through illustrative and two or three relapse. They chose that the emotional intelligence become surely identified with ways of life pleasure and individual propensities had a dreadful association with presence pride. Additionally, they situated that the indicators of ways of life fulfillment, intrapersonal prevalence and neuroticism were inside the old guardians. Joseph and ali (2014) inspected the diverse elements which have an effect at the subsidizing decision of kenya ship bearer faculty.

According to the Okpara and edwin (2014) saw that work environment emotional intelligence have an impact at the arrival on financing. pirayesh (2014) analyzed the impact of emotional intelligence on subsidizing strategies of retail financial specialists in Tehran stock exchange. The information progressed toward becoming amassed from 270 purchasers. The look at conveyed become spearman's connection. He reasoned that there has been a high top notch among emotional intelligence and venture picks. He found that there has been a top notch connection among hazard disinclined and measurements of emotional intelligence. There has been no connection among mental bookkeeping, predisposition establish and measurements of emotional intelligence.

According to the Deshmukh and joseph (2016) considered the components which impact the choice creation of purchasers. tanvir, sufyan and ahsan (2016) examined the effect of emotional intelligence on speculation decision. The information progressed toward becoming amassed from 225 purchasers. They chose that there was a choice effect of hesitance, quality of psyche and sympathy yet tons less effect on relationship control. From the previously mentioned exchange, we endeavor to secure the connection among danger resistance and identity inclinations of the buyers. We are skilled to make reference

to that the general population have specific character tendencies and the shot resilience is predicated upon on the persona of the individuals. Some persona improvements have an excellent connection and some man or lady manners have a terrible dating with the subsidizing picks. There is connection among emotional intelligence and danger resilience of customers moreover. A few elements of ei have a top notch connection and some ei have a horrendous connection with the hazard resilience of the brokers.

According to the Kunnanatt (2004) contemplated that the high passionate insight individuals had danger of triumphing. Mayfield et al. (2008) inspected the five-character tendencies and their venture control. Verma (2008) situated that women wanted to burn through cash on steady stores and protection and ladies conviction that the financing in decency turned out to be truly unsteady. Wang (2009) verified that the woman customers had considerably less reason and abstract comprehension than male buyers and that they took a mess significantly less hazard. Inaishi et al. (2010) examined that arrogance in speculator reached out there has been increment inside the attitudes.

Parashar (2010) situated out that there was seeking among speculation roads and the identity advancements. Gaur et al. (2011) contemplated that there was a refinement in the venture decisions on the possibility of sexual orientation. Peterson et al. (2011) examined the one of a kind individual propensities of the speculator. Sultana and pardhasaradhi (2011) reasoned that there was immediate seeking between threat resilience and pay, gigantic assortment of wards, conjugal notoriety and calling. Jain and dashora (2012) considered the systems utilized for taking the decisions of financing inside the stock market. jamshidinavid et al. (2012) saw out that there has been dating between statistic components and identity advancements. zaidi and tauni (2012) watched the connection between persona advancements and the conduct predispositions of the financial specialist.

According to the Parkash, awais, & warraich (2014) people belonging to at least one-of-a-type socio-monetary lessons show off varying hazard-taking behaviors. In this paper, it's been examined that the threat-taking conduct considers numerous socio-monetary characteristics like income, age, gender, occupation, training and marital fame. This take a look at is carried throughout one-of-a-type groups (i.e., ismaili, memon, hindu, sheikh, delhi sodagran, chinioiti, behari and others). Survey approach is used to build up the number one records thru snowball sampling. Two hundred respondents participated within the survey. For hypothesis checking out chi-rectangular check is carried out in spss and results display that marital fame, age, income, schooling and profession is considerably associated with hazard taking conduct whereas gender has no affiliation with chance taking behavior. Similarly, it's also explored that danger-taking behavior at some stage in the agencies isn't considerably amazing.

According to the Liao (2015) in this have a have a look at, we display that people' non-investment threat-taking behavior can have an impact on their willingness to take financial risks. Threat taking itself is a hobby that induces robust emotional responses; we posit that the very act of taking risks may also additionally spark off pleasure, which kuhnen and knutson (2011) formerly show can activate extra economic chance taking. To test this hypothesis, we become aware of a totally particular placing where a subset of buyers is much more likely to be exposed to elevated threat taking thru gambling. the usage of the preliminary legalization and beginning of commercial casinos inside the u.s. as a natural test, we show that the outlet of a casino in close to geographical proximity to buyers effects in extended danger taking in the portfolios of those buyers who are probable to go to the on-line on line casino to gamble relative to those investors who are not. The ones probable gamblers, who're exposed to prolonged chance taking, in the end recognize higher returns, but do now not beautify the general suggest-variance efficiency of their portfolios.

Those findings provide insight into the character of threat taking and the amplifying effect that taking dangers in an unmarried context might also moreover have on economic chance taking.

According to the Shafi et al., (2011) funding behavior of an investor depends on his/her risk perception and threat attitude. This paper attempts to find out that how the notion of an investor who's also the employee of that organization differs from different buyers. Does he/she perceive danger in addition as exceptional commonplace traders or his dating with the business organization as an employee has any effect his/her hazard notion, mind-set and investment behavior. This studies take a look at is conceptual in nature and specially based totally mostly on preceding literature findings and evidences. Findings of this observe encouraged that personnel threat perception is directly related with funding behavior and there is powerful dating among them. This will assist the control to make unique offers of stocks to employees, this can in addition electricity the bond of employees with the enterprise.

According to the Van de Venter, Michayluk, & Davey, (2012) overview longitudinal studies at the shift in character investors' danger tolerance rankings over 5 years. The have a look at attempts to decide which factors impact those adjustments and if hazard tolerance adjustments over the years. Analyzing information from the clever Investor's Survey during 2002–06, they follow a regression version to determine the effects. Their findings monitor that small annual changes arise in the monetary threat tolerance of character buyers. A decline in family size also effects in a slight decline in threat tolerance, whilst no longer the usage of the services of a financial planner causes it to upward push. Chance tolerance isn't probably to regulate appreciably over the lifetime of a character investor, implying that it's far a stable attribute.

The effect of threat tolerance with admire to stock index costs in the context of various demographic variables investigate by the Bashir et al., (2013). Based totally on a pattern of 106 respondents, such as buyers, bankers, and household people, they use a regression version and descriptive statistical tools to examine how a ways adjustment in stock indices affect threat tolerance. Threat tolerance is, consequently, the based variable and weekly and each day adjustments in KSE indices (from January 2012 to March 2013) are the impartial variable. Family individuals with higher earnings are proven to be greater danger-tolerant than those with lower incomes.

The impact of the threat tolerance of investors nearing retirement on portfolio management investigate by the Hariharan, Chapman, & Domian, (2000). The use of data accrued inside the first wave of the health and Retirement Survey in 1992 (a sample of 15,000 people elderly fifty-one–sixty one), they rent a linear regression model with T-bills because the established variable. The study finds that danger-tolerant buyers nearing retirement did not decrease their bond allocation for the motive of buying greater stock.

The behavioral and traditional finance theories to explain the equity trader's choice making procedure in stock exchanges of Pakistan studied by Anwar, nazir, khan and khan (2013). 510 survey questionnaire bureaucracy have been dispatched to equity investors in which 248 forms had been obtained returned and the study concluded that buyers had been not completely rational individuals as assumed through the conventional theories of finance.

The conduct mainly mindset and notion of buyers in stock marketplace studied by the Suman and warne (2012). The look at concluded that there had been different factors which affect the individual investor's funding conduct inclusive of their investment period, stage of recognition and so forth.

According to the Zaidi and tauni (2012) in Lahore inventory exchange tested the association amongst overconfidence bias and persona traits with investor's demographics. Questionnaire survey approach changed into used for the motive of collecting records with the 200-sample size. The outcome of the take a look at proved that there's high quality relationship amongst extroversion, consciousness and agreeableness with overconfidence bias while however there may be bad courting among neuroticism and overconfidence. The effects additionally confirmed that the connection amongst overconfidence bias and funding experience is high-quality however alternatively there's no importance affiliation of age and training stage with overconfidence bias.

According to the Tehrani and gharehkoolchian (2012) recognized the disposition effect determinants inside the shareholders. Through questionnaire technique, statistics turned into gathered from a pattern size of 169 traders in Tehran inventory change. Results showed that disposition effect determinants are the gender and training level of the contributors.

The effect of the persona developments and demographic at the economic behavior biases in 2011 in Tehran inventory trade with a sample size of 215 humans explored by the Jamshidinaid et al. (2012). Consequences confirmed that there's high-quality impact of extraversion on overconfidence and neuroticism has extensive and fine associated with disposition impact and herding. Openness is undoubtedly and considerably associated with overconfidence and herding. Agreeableness is definitely related with herding. Conscientiousness is undoubtedly associated with disposition impact and overconfidence. Age is negatively associated with herding at the same time as excessive confidence is definitely associated with the extent of training.

The investment behavior influencing elements the study concluded that the fundamental factors which have an effect on the hazard-taking potential of investors have been the gender and age of the investors investigated by the Kabra, mishra, and sprint (2010).

A great association between investor's demographics (gender, marital fame, age, income, training, and number of family), choice of monetary merchandise (bank merchandise, physical belongings and capital marketplace devices) and danger tolerance of an investor (threat seeker and averse) revealed by the Lutfi (2010). The have a look at confirmed the giant connection between investors' funding desire and danger tolerance.

The herding conduct determinants and effect on individual's decision in shopping for an inventory, of the mass selections examined by the Baddeley et al. (2010). The results showed that herding decisions have an impact on the person's financial choices and herding behavior adjustments by gender, age and styles of personality and it isn't always similar between all individuals.

The funding behavior of employees of oil India constrained and observed that four demographic variables (designation, gender, qualification and age) are vital in guiding funding selection and particularly, age became large indicator to persuade fairness investment decision studied by the Anderson, torben. bhattacharya, joydeep (2011). Gender impacts gift investment choice while designation and qualification play no function in equity percentage choice making. Similarly studies reveal that demographics of investors play huge position in deciding on special funding portfolios and willingness to take chance.

According to the Fedaei (2013) carried out take a look at to explore the impact of schooling degree, age and gender amongst buyers. observe concluded that with age and

education degree growing, excessive-threat motion will lower so with better education level have been taking extra hazard than whom with decrease school degree.

According to the Bashir et al. (2013) performed observe so that it will look at the affiliation among demographics, persona trends and self-assurance level. Questionnaire method became used for information series from a pattern length of one hundred numbers of employees. The effects of the have a look at showed that conscientiousness, agreeableness emotional stability and enjoy openness i.e. all personality traits are related to the overconfidence. The consequences of the study indicated that character trends and stage of confidence haven't any affiliation with every different.

2.4 Independent Variable

There had been conflicting findings with recognize to whether or not chance aversion decreases, will boom or stays steady with age and wealth. samuelson (1963) proved that the law of huge numbers isn't always relevant to the portfolio allocation hassle because individuals first care approximately wealth, no longer average returns. In his have a look at, whilst the variance (riskiness) of common returns did definitely lower with the length of the horizon, the variance (riskiness) of wealth improved. samuelson (1969) showed that under the assumptions of time-additive and separable software, identically and independently allocated returns and entire markets, people with regular relative threat aversion have to not adjust their portfolio as their investment horizon changes.

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The test inspected the relationship among the risk resilience and age. For that creators gathered a fact from the board of overview of supporter money inside the way of 1983-89. Creators advanced a theory ways of life cycle subsidizing and their risk resilience develop to be estimated by means of proportion of the danger resource for surely understood riches. The entire riches is characterized by methods for the total of human capital and net pleasantly well worth. Through the assessment of clear rigging, the creators suggest that the possibility resistance increment with the development in the age, (wang and hanna, 1997).

The examinations end up being intended to choose the impacts of money related and statistic variable and components related with the hazard resistance. The creators get certainties from the 1992 overview of client money. They utilized a strategic relapse assessment and chi rectangular measurements to choose the risk resilience in units of differing factors. They complete that the woman is an extraordinary arrangement considerably less danger resistance as examine to male with having an equivalent possess family profit. The creators furthermore advocate that opportunity resilience also extend by utilizing sexual orientation, conjugal notoriety and preparing because of refinement in comprehension of the risk's temperament (sung and hanna,1996).

The take a gander at expected to check alterations in financial danger resilience of speculator while returns and charges go. Consequently, he utilizes six review of buyer account with the guide of the use of stream sectional actualities from 1983 to 2001. The investigations measure the alterations in money related danger resistance degree for the span of this time. The creator finished assessment to degree the alterations in risk resistance to control respondents and family characteristics. Inquire about screen that financial threat resilience degree will increment even as returns of stock blast and the other way around. The inspector likewise put that the relationship in monetary hazard resilience and charge

variance is horrible. This take a gander at lets in the speculator to avoid the predispositions of overcompensating the most recent exercises (yao, hanna, suzanne, temper, 2004).

The creators thought about the results of statistic factors (race and ethnicity) to degree the budgetary risk resistance of blacks, Hispanics and whites. The inspected reasoned that the "blacks and whites" has additional financial hazard resilience than whites, in the wake of estimating the results of different factors. Danger mentality can have an effect at the creation a speculation lead, so proper method to take money related risk is vital for accomplishing financing objectives. Government. Organizations and financial manual should accentuation on client venture preparing and money related peril resistance to racial and ethnic offices for better decision to accomplish their fiscal dreams. (yao,gutter, hanna, 2005).

To look at the relationship a large portion of the danger resistance, projection inclination, striking quality and value charges by methods for developing speculations. Initially, the peril resilience certificate of the speculator varies with the trade in subsidizing commercial center, and, second, customers utilize a definitive market charge to collect their danger resistance attitude. The specialists use relapse check to decide the capacity of projection predisposition and striking quality inside the arrangement of risk conduct among a comfort example of web 1355 respondents. A check result demonstrates that individual who private securities intrigued to utilize current stock commercial center insights at the season of putting in danger demeanors. Furthermore, the risk demeanors in customary and generally were fluctuating at the bases of last costs of end of the week. Money related guide supported that hazard resistance need to not be utilized as a dormant information while settling on resource allotment choice. (grable, lytton, barbara o'neill, joo, and klock, 2006).

The investigated come to be accomplished on the innovative movement together with the shot resistance of the majority of the business people and entire time enlisted people in South Africa. They select a couple control factors (age, conjugal notoriety, ethnicity, race, skill, home possession acknowledgment, tutoring, etc.) and planned a poll and collect that shape the 1054 respondents. through the examination of single direction anowa and a couple of fair-minded example advocate that the business person are additional danger resilience then the total time enlisted man or lady and non-contracted individuals. Moreover, they end that the maas and herrington viewpoint out that there might be innovative intrigue is exceptionally relying upon the ground-breaking enterprise instruction in South Africa (antonites and wordsworth, 2009).

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An investor who is of the same opinion to accept uncertainty at an extreme stage whilst creating a financial choice is termed risk-tolerant. This signifies the degree of unpredictability in returns that the individual is willing to tolerate. Danger tolerance is a tremendous factor in funding decisions. People have to realistically consider their potential and willingness to endure use and downs within the value of their funding. Traders who tackle an excessive amount of risk may additionally panic and promote at the wrong time. The capacity and willingness to accept failed funding decisions at the same time as awaiting the value of the funding to growth is part of risk tolerance. traders who're averse to taking the risk that their investments would possibly drop in charge have little or no threat tolerance (Bashir et al., 2014).

Portfolio management entails building and retaining a collection of investments. Financial plan is invested in awesome securities that limit the portfolio's total danger even as maximizing general returns. Portfolio management combines the weaknesses, strengths, threats, and possibilities related to a sure desire of debt, fairness, national and international conditions, progress, and other tradeoffs. The venture in portfolio control is to maximize returns at a given level of chance tolerance. This entails hedging risks to attain the most possible return whilst minimizing the risk concerned. On this context, Markowitz (1952)

suggests that portfolio managers diversify their portfolio on the idea of the variance and mean.

According to the (Hoffmann, Post, & Pennings, 2013) look at how the perceptions of individual buyer's exchange, based on hazard taking and buying and selling behavior all through the economic disaster of 2008/09. The use of a sample of one, 510 clients with brokerage records, they gathered information via a month-to-month questionnaire administered among April 2008 and March 2009. The reliability of the variables is decided using Cronbach's alpha. Their effects indicate that traders' perceptions differ significantly in the course of an economic disaster. Chance perception and tolerance are less risky than return-related expectations.

According to the (X. L. Wang, Shi, & Fan, 2006) gauge buyers' perceptions of volatile funding in phrases of mental mechanisms within the Chinese language stock marketplace. The look at objectives to establish the threat perceptions associated with distinctive varieties of statistics, cultural history, and the impact of uneven statistics. A 42-object questionnaire was dispensed to 1,547 respondents from the Nan Fang Bond corporation's sale departments. The authors use structural equation modeling (SEM) to generate the extent of threat perception. They discover a low degree of subjective chance and a excessive degree of objective danger. Within the context of the Chinese language stock marketplace, the study recommends augmenting schooling, information, and abilities; strengthening the regularity of indexed agencies, and correcting the inventory market's useful base.

According to the Yao, Sharpe, & Wang, (2011) take a look at the outcomes of generation, duration, and age on threat tolerance, based on pass-sectional records for 1989–2007. They encompass “infant boomers” and individuals of the “silent” and X generation

in their sample of 21,167 respondents. The authors endorse a hypothesis on the basis of their conceptual framework. Significant hazard, excessive danger, and coffee chance are taken as dependent variables even as the unbiased variables consist of technology, survey year, economic elements, demographic characteristics, and perceptions. The take a look at unearths a terrible dating between age and hazard tolerance: as age will increase, the capability to recoup losses decreases.

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The test inspected the relationship among the risk resilience and age. For that creators gathered a fact from the board of overview of supporter money inside the way of 1983-89. Creators advanced a theory ways of life cycle subsidizing and their risk resilience develop to be estimated by means of proportion of the danger resource for surely understood riches. The entire riches is characterized by methods for the total of human capital and net pleasantly well worth. Through the assessment of clear rigging, the creators suggest that the possibility resistance increment with the development in the age, (wang and hanna, 1997).

The examinations end up being intended to choose the impacts of money related and statistic variable and components related with the hazard resistance. The creators get certainties from the 1992 overview of client money. They utilized a strategic relapse assessment and chi rectangular measurements to choose the risk resilience in units of differing factors. They complete that the woman is an extraordinary arrangement considerably less danger resistance as examine to male with having an equivalent possess family profit. the creators furthermore advocate that opportunity resilience also extend by utilizing sexual orientation, conjugal notoriety and preparing because of refinement in comprehension of the risk's temperament, (sung and hanna,1996).

The take a gander at expected to check alterations in financial danger resilience of speculator while returns and charges go. Consequently, he utilizes six review of buyer account with the guide of the use of stream sectional actualities from 1983 to 2001. The investigations measure the alterations in money related danger resistance degree for the span of this time. The creator finished assessment to degree the alterations in risk resistance to control respondents and family characteristics. Inquire about screen that financial threat resilience degree will increment even as returns of stock blast and the other way around. The inspector likewise put that the relationship in monetary hazard resilience and charge

variance is horrible. This take a gander at lets in the speculator to avoid the predispositions of overcompensating the most recent exercises, (yao, hanna, suzanne, temper, 2004).

The creators thought about the results of statistic factors (race and ethnicity) to degree the budgetary risk resistance of blacks, Hispanics and whites. The inspected reason that the "blacks and whites" has additional financial hazard resilience than whites, in the wake of estimating the results of different factors. Danger mentality can have an effect at the creation a speculation lead, so proper method to take money related risk is vital for accomplishing financing objectives. Government. Organizations and financial manual should accentuation on client venture preparing and money related peril resistance to racial and ethnic offices for better decision to accomplish their fiscal dreams, (yao,gutter, hanna, 2005).

To look at the relationship a large portion of the danger resistance, projection inclination, striking quality and value charges by methods for developing speculations. Initially, the peril resilience certificate of the speculator varies with the trade in subsidizing commercial center, and, second, customers utilize a definitive market charge to collect their danger resistance attitude. The specialists use relapse check to decide the capacity of projection predisposition and striking quality inside the arrangement of risk conduct among a comfort example of web 1355 respondents. A check result demonstrates that individual who private securities intrigued to utilize current stock commercial center insights at the season of putting in danger demeanors. Furthermore, the risk demeanors in customary and generally were fluctuating at the bases of last costs of end of the week. Money related guide supported that hazard resistance need to not be utilized as a dormant information while settling on resource allotment choice, (grable, lytton, barbara o'neill, joo, and klock, 2006).

The investigated come to be accomplished on the innovative movement together with the shot resistance of the majority of the business people and entire time enlisted people in South Africa. They select a couple control factors (age, conjugal notoriety, ethnicity, race, skill, home possession acknowledgment, tutoring, etc.) and planned a poll and collect that shape the 1054 respondents. through the examination of single direction anowa and a couple of fair-minded example advocate that the business person are additional danger resilience then the total time enlisted man or lady and non-contracted individuals. Moreover, they end that the Maas and Herrington viewpoint out that there might be innovative intrigue is exceptionally relying upon the ground-breaking enterprise instruction in South Africa (antonites and wordsworth, 2009).

The creators analyzed monetary risk resistance in identified with the worldwide money related calamity to uncover this affirmation creator, do test and retest at the records of 2007-2009 of the purchasers who utilize the Finemetrica risk resilience study and in the wake of controlling for statistic and adjacent varieties. Examine affirmed the final product that in first investigate the peril resistance changed into high anyway in retest that develop as accomplished for the 2d 1/2 of 2008 and first 50% of 2009, the hazard resilience turned out to be low, and the exchange rise as no more noteworthy than a couple of measurement factors. (gerrans, faff, neil hartnett,2012).

The inspector comprises of the board realities from 1992-2006 that is influxes of the wellbeing and retirement investigate (hrs.) to view the other in peril resistance through hanging loose with the other in stock commercial center returns. Scientists presume that there is a splendid connection inside the peril resilience and the stock market move lower back. Character financial specialists watch out for deal the securities in the meantime as the stock costs float upward and will in general shop for the securities while stock expenses are low. Specialists, businesses, monetary instructors and professionals should direct the

purchasers to maintain a strategic distance from the partiality of overweighting current data of market execution. Scientist utilized staggered aggregate calculated relapse assessment to see whether showcase returns anticipate the adjustment in chance resilience throughout the years that has overseen for different factors inside the model. (yao, angela l. twist, 2010).

The check presumes that start request is combination with risk resistance degree. Analyst settled on 3 hundred sixty-eight people as example to gain data from a college inside the southwestern US, finished a psychometrically stable money related hazard resistance measure (grable and lytton, 1999). this have an examine infer that previously conceived people have radical risk resistance degree and the later-brought into the world individuals have less danger resilience confirmation. Among later-conceived people male purchasers have unbalanced possibility resilience than the later-conceived young ladies. Unmistakable actualities are utilized to watch circulation of the exceptional financial and statistical factors with regards to delivery request. Thus, there is utilization of t tests to unearth any principle refinement that could exist with acknowledge to start request the various numerous statistic and resource portion patterns. (gilliam and chatterjee, (2011).

According to the Wang (2009) delivered that there are numerous viable causes for the monetary conduct of investors. One of the motives is financial information. The usage of survey information, this study demonstrates that, at the least for traders, their goal information, subjective facts, and danger-taking are fairly correlated. Greater importantly, gender emerges as an important factor that differentiates buyers' stages of goal know-how, subjective understanding, and threat-taking, while traders' subjective statistics mediates investors' goal expertise on hazard-taking.

According to the Tehrani and gharehkoolchian (2012) recognized the disposition effect determinants inside the shareholders. Through questionnaire technique, statistics

turned into gathered from a pattern size of 169 traders in Tehran inventory change. Results showed that disposition effect determinants are the gender and training level of the contributors.

The effect of the persona developments and demographic at the economic behavior biases in 2011 in Tehran inventory trade with a sample size of 215 humans explored by jamshidinaid et al. (2012). Consequences confirmed that there's high-quality impact of extraversion on overconfidence and neuroticism has extensive and fine associated with disposition impact and herding. Openness is undoubtedly and considerably associated with overconfidence and herding. Agreeableness is definitely related with herding. Conscientiousness is undoubtedly associated with disposition impact and overconfidence. Age is negatively associated with herding at the same time as excessive confidence is definitely associated with the extent of training.

The investment behavior influencing elements. The study concluded that the fundamental factors which have an effect on the hazard-taking potential of investors have been the gender and age of the investors investigated by Kabra, mishra, and sprint (2010).

The conduct mainly mindset and notion of buyers in stock marketplace studied by the suman and warne (2012), the look at concluded that there had been different factors which affect the individual investor's funding conduct inclusive of their investment period, stage of recognition and so forth.

According to the Fieldstein and yitzhaki (2000) have provided proof to signify that the business enterprise inventory owned by way of immoderate-income traders appreciate significantly quicker than with the aid of low-earnings group. They've indicated that immoderate-profits people have massive portfolios and can consequently dedicate greater time or sources to their investments, therefore ensuing in better returns. gupta (1991),

placed a systematic courting among earnings magnificence of families on the most effective hand, and each portfolio diversification and portfolio period at the alternative. Further, funding performance revel in of the share owners has been determined to be related to their educational degree.

According to the Yordanova & Alexandrova-Boshnakova (2011) look at the affiliation between demographic variables and investment possibilities on the subject of stocks and playing decisions amongst a pattern of salaried finance instructors and bankers in Sialkot and Gujrat. The authors have analyzed chance versions among salaried people based totally on earnings, age, education stage, and gender. Their findings show that girls are more reluctant to take on risk than men. More youthful as well as better-knowledgeable human beings are also willing to take greater threat however hesitate due to aid shortage and shortage of investment opportunities. The observed concludes that a bad relationship exists between gambling and hazard taking when making investment choices in some non-conducive financial surroundings.

According to the Yao, Sharpe, & Wang, (2011) take a look at the outcomes of generation, duration, and age on threat tolerance, based on pass-sectional records for 1989–2007. They encompass “infant boomers” and individuals of the “silent” and X generation in their sample of 21,167 respondents. The authors endorse a hypothesis on the basis of their conceptual framework. Significant hazard, excessive danger, and coffee chance are taken as dependent variables even as the unbiased variables consist of technology, survey year, economic elements, demographic characteristics, and perceptions. The take a look at unearths a terrible dating between age and hazard tolerance: as age will increase, the capability to recoup losses decreases.

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According to the Rajalakshumi & Manivannan, (2017) look at the factors affecting choice-making and risk perception amongst a sample of 100 investors in equity shares in India. The usage of number one information received from dealer and investor profiles and the pattern questionnaire outcomes, and drawing on secondary assets, they investigate buyers' fame in phrases of demographic variables. The authors explain that records on these determinants contributes to making better funding choices, however that extra

records on gender and non-secular elements become needed to provide an explanation for investment choices.

How age, gender, and training have an effect on danger tolerance amongst buyers in Ireland observe by the Lucey, Mulholland, & Larkin,(2011). Their methodology comprised socio-demographic questions that were requested to decide the conduct of individuals towards threat taking and 13 questions about monetary chance tolerance within the shape of a questionnaire. The authors conclude that age does no longer affect danger tolerance even as gender does. Chance tolerance amongst buyers has a negative relationship with domestic ownership and a high-quality dating with household earnings and training stage. Chance tolerance changed into found to boom with schooling stage and decrease with homeownership.

The connection between investment behavior, danger belief, and hazard attitude decide by the Shafi, Akram, Hussain, Sajjad, & Rehman, (2011). They show how buyers who are personnel of an employer understand danger relative to different traders. The study takes under consideration different factors, including persona traits (of traders), self-belief degree, length available in which to invest, and degree of go back. The authors discover a sturdy affiliation between hazard belief and traders' conduct: investors who're more confident about an investment will more likely accept greater risk. Further, the more time available in which to make investments, the much more likely traders might be to put money into volatile assets.

According to the Van de Venter, Michayluk, & Davey, (2012) overview longitudinal studies at the shift in character investors' danger tolerance rankings over 5 years. The have a look at attempts to decide which factors impact those adjustments and if hazard tolerance adjustments over the years. Analyzing information from the clever

Investor's Survey during 2002–06, they follow a regression version to determine the effects. Their findings monitor that small annual changes arise in the monetary threat tolerance of character buyers. A decline in family size also effects in a slight decline in threat tolerance, whilst no longer the usage of the services of a financial planner causes it to upward push. Chance tolerance isn't probably to regulate appreciably over the lifetime of a character investor, implying that it's far a stable attribute.

The effect of threat tolerance with admire to stock index costs in the context of various demographic variables investigate by the Bashir et al., (2013). Based totally on a pattern of 106 respondents, such as buyers, bankers, and household people, they use a regression version and descriptive statistical tools to examine how a ways adjustment in stock indices affect threat tolerance. Threat tolerance is, consequently, the based variable and weekly and each day adjustments in KSE indices (from January 2012 to March 2013) are the impartial variable. Family individuals with higher earning are proven to be greater danger-tolerant than those with lower incomes.

The impact of the threat tolerance of investors nearing retirement on portfolio management investigate by the Hariharan, Chapman, & Domian, (2000), the use of data accrued inside the first wave of the health and Retirement Survey in 1992 (a sample of 15,000 people elderly fifty-one–sixty one), they rent a linear regression model with T-bills because the established variable. The study finds that danger-tolerant buyers nearing retirement did not decrease their bond allocation for the motive of buying greater stock.

According to the Lodhi (2014) tested the impact of financial literacy, excessive experience, use of accounting records, significance of analyzing monetary statements and age on the investment choice of any man or woman through making use of a survey in

karachi, pakistan. By means of the use of spss, correlation evaluation changed into done to be able to decide the relation between the aforementioned variables.

Consistent with empirical consequences, financial literacy and accounting information had been taken into consideration to be giant in reducing data asymmetry and permitting investors to put money into risky contraptions. Moreover, it became confirmed that investors' desire for risky investments decreases, as age and experience increase.

The effect of demographic variables at the funding choices via performing a sample survey approach in Chennai, India. In keeping with evaluation effects, from the investors' factor of view, modifications in demographic factors together with age, income, education, and occupation had an influence inside the investment road desire investigated by the Geetha and vimala (2014).

The behavioral and traditional finance theories to explain the equity trader's choice making procedure in stock exchanges of Pakistan studied by the Anwar, nazir, khan and khan (2013), 510 survey questionnaire bureaucracy have been dispatched to equity investors in which 248 forms had been obtained returned and the study concluded that buyers had been not completely rational individuals as assumed through the conventional theories of finance.

The conduct mainly mindset and notion of buyers in stock marketplace. the look at concluded that there had been different factors which affect the individual investor's funding conduct inclusive of their investment period, stage of recognition and so forth studied by the Suman and warne (2012).

According to the Zaidi and tauni (2012) in Lahore inventory exchange tested the association amongst overconfidence bias and persona traits with investor's demographics. Questionnaire survey approach changed into used for the motive of collecting records with

the 200-sample size. The outcome of the take a look at proved that there's high quality relationship amongst extroversion, consciousness and agreeableness with overconfidence bias while however there may be bad courting among neuroticism and overconfidence. The effects additionally confirmed that the connection amongst overconfidence bias and funding experience is high-quality however alternatively there's no importance affiliation of age and training stage with overconfidence bias.

According to the Tehrani and gharehkoolchian (2012) recognized the disposition effect determinants inside the shareholders. Through questionnaire technique, statistics turned into gathered from a pattern size of 169 traders in Tehran inventory change. Results showed that disposition effect determinants are the gender and training level of the contributors.

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The investment behavior influencing elements. The study concluded that the fundamental factors which have an effect on the hazard-taking potential of investors have been the gender and age of the investors investigated by the Kabra, mishra, and sprint (2010).

A great association between investor's demographics (gender, marital fame, age, income, training, and number of family), choice of monetary merchandise (bank merchandise, physical belongings and capital marketplace devices) and danger tolerance of an investor (threat seeker and averse) revealed by the Lutfi (2010). They have a look at confirmed the giant connection between investors' funding desire and danger tolerance.

The herding conduct determinants and effect on individual's decision in shopping for an inventory, of the mass selections examined by the Baddeley et al. (2010). The results showed that herding decisions have an impact on the person's financial choices and herding behavior adjustments by gender, age and styles of personality and it isn't always similar between all individuals.

The funding behavior of employees of oil India constrained and observed that four demographic variables (designation, gender, qualification and age) are vital in guiding funding selection and particularly, age became large indicator to persuade fairness investment decision studied by the Anderson, torben. bhattacharya, joydeep (2011). Gender impacts gift investment choice while designation and qualification play no function in equity percentage choice making. Similarly studies reveal that demographics of investors play huge position in deciding on special funding portfolios and willingness to take chance.

According to the Fedaei (2013) carried out take a look at to explore the impact of schooling degree, age and gender amongst buyers. observe concluded that with age and education degree growing, excessive-threat motion will lower so with better education level have been taking extra hazard than whom with decrease school degree.

According to the Yao, Sharpe, & Wang, (2011) take a look at the outcomes of generation, duration, and age on threat tolerance, based on pass-sectional records for 1989–2007. They encompass “infant boomers” and individuals of the “silent” and X generation

in their sample of 21,167 respondents. The authors endorse a hypothesis on the basis of their conceptual framework. Significant hazard, excessive danger, and coffee chance are taken as dependent variables even as the unbiased variables consist of technology, survey year, economic elements, demographic characteristics, and perceptions. The take a look at unearths a terrible dating between age and hazard tolerance: as age will increase, the capability to recoup losses decreases.

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According to the Hsee (1998) record that individual decision-making is inspired by way of danger perception inside the case of investment choices inside the bonds market. Vlaev, Chater, and Stewart (2009) examine investors' choices for wonderful approaches of transmitting hazard-related records and notice that hazard supplied in phrases of a median maximum (fine) or minimum (worst) is deemed leading. Slovic (2000) factors out that chance is inherently subjective: the method of hazard belief connotes a goal scenario that is itself formed by using revel in, feelings, and expertise.

Behavioral finance has got significance inside the closing a long term; therefore, researchers are curious to recognize the characteristic of behavioral issue in an individual investor's funding choice-making way. Lutfi (2010) found out a giant association among investor's demographics (gender, marital repute, age, income, schooling, and a number of the family), preference of financial merchandise (monetary organization merchandise, bodily property, and capital marketplace instruments) and hazard tolerance of an investor (danger seeker and averse). The take a look at showed a large connection among investors' funding choice and threat tolerance.

The association among gender/race and traders' threat tolerance investigated by the Farrell (2010). He determined that blacks and ladies take funding choice extra conservatively at the same time as whites and guys take excessive danger and are trying to find better returns. (gutter & fontes, 2006) studied the racial difference in funding behavior by way of manner of the usage of financial, attitudinal and socioeconomic statistics of individual buyers from survey of customer finance. He suggested that ethnic variances in asset possession are described by using ethnic variances inside the person determinants of chance inside the race itself.

According to the Gutter & fontes (2006) developed a 2-staged “investment decision-making model” with an intention to discover the connection among race and funding conduct. This check showed that whites are much more likely to personal inventory than blacks. Once the ownership takes vicinity, there may be no widespread difference in portfolio allocation. The have a study additionally indicated that barrier to investment markets and a distinction in information publicity attributes to racial disparities in risky asset ownership.

According to the Karthika (2011) show that traders with a higher danger tolerance are much more likely to make portfolio decisions. Danger tolerance therefore has a right away effect on buyers’ funding selections and determines the composition of various belongings in the portfolio. Person buyers’ chance tolerance may exchange over the years on account that its miles stimulated by means of diverse exogenous factors, for instance, main life studies (Cordell, 2002).

The portfolio allocation preference of demographically numerous respondents investigated by the Ackert (2002). The examiner concluded that the asset allocation desire varies for the duration of domestic ownership, gender, net worth, and mental orientation. But, when it comes to portfolio investment preference in fairness marketplace only age of investor performs a critical function. Moreover, this have a have a look at exposed psychological orientation function in buyers’ potential to explain asset allocation choice.

According to the Grable (1997) tested traders’ threat tolerance with recognize to shoppers’ socio-monetary characteristics to classes character investor in chance tolerance training. The take a look at, the usage of discriminant evaluation diagnosed that training, professional career fame, profits, gender, marital repute, and racial history are notably

correlated with willingness to take a risk. The test additionally concluded that examined demographics described 20 percentage of the variance in danger tolerance ranges.

Based totally on previous literature, (yordanova & alexandrova-boshnakova, 2011) labored to show the hidden pattern of mutual fund investment primarily based totally on investor's demographics. This have an examined recorded the responses of 2000 consumers of mutual price range and their demographics including age, income, schooling, and gender. The researchers diagnosed that young customers are more likely to pick out mutual fund. Moreover, the outcomes indicated that customers having greater than \$58,800 of profits.

An investor who is of the same opinion to accept uncertainty at an extreme stage whilst creating a financial choice is termed risk-tolerant. This signifies the degree of unpredictability in returns that the individual is willing to tolerate. Danger tolerance is a tremendous factor in funding decisions. People have to realistically consider their potential and willingness to endure use and downs within the value of their funding. Traders who tackle an excessive amount of risk may additionally panic and promote at the wrong time. The capacity and willingness to accept failed funding decisions at the same time as awaiting the value of the funding to growth is part of risk tolerance. traders who're averse to taking the risk that their investments would possibly drop in charge have little or no threat tolerance (Bashir et al., 2014).

Portfolio management entails building and retaining a collection of investments. Financial plan is invested in awesome securities that limit the portfolio's total danger even as maximizing general returns. Portfolio management combines the weaknesses, strengths, threats, and possibilities related to a sure desire of debt, fairness, national and international conditions, progress, and other tradeoffs. The venture in portfolio control is to maximize

returns at a given level of chance tolerance. This entails hedging risks to attain the most possible return whilst minimizing the risk concerned. On this context, Markowitz (1952) suggests that portfolio managers diversify their portfolio on the idea of the variance and mean.

According to the (Hoffmann, Post, & Pennings, 2013) look at how the perceptions of individual buyer's exchange, based on hazard taking and buying and selling behavior all through the economic disaster of 2008/09. The use of a sample of one, 510 clients with brokerage records, they gathered information via a month-to-month questionnaire administered among April 2008 and March 2009. The reliability of the variables is decided using Cronbach's alpha. Their effects indicate that traders' perceptions differ significantly in the course of an economic disaster. Chance perception and tolerance are less risky than return-related expectations.

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According to the (Shafi, Akram, Hussain, Sajjad, & Rehman, 2011) decide the connection between investment behavior, danger belief, and hazard attitude. They show how buyers who are personnel of an employer understand danger relative to different traders. The study takes under consideration different factors, including persona traits (of traders), self-belief degree, length available in which to invest, and degree of go back. The authors discover a sturdy affiliation between hazard belief and traders' conduct: investors who're more confident about an investment will more likely accept greater risk. Further, the

more time available in which to make investments, the much more likely traders might be to put money into volatile assets.

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The impact of the threat tolerance of investors nearing retirement on portfolio management investigate by the Hariharan, Chapman, & Domian, (2000). The use of data accrued inside the first wave of the health and Retirement Survey in 1992 (a sample of 15,000 people elderly fifty-one–sixty one), they rent a linear regression model with T-bills because the established variable. The study finds that danger-tolerant buyers nearing retirement did not decrease their bond allocation for the motive of buying greater stock.

According to the (Pranhakaran & Karthika, 2011) assess the impact of danger notion and threat tolerance on traders' funding selections. Applying the chi-rectangular methodology to survey data accumulated from a pattern of two hundred respondents, they find that buyers who confirmed a better risk tolerance had been more likely to make portfolio decisions. Male buyers showed an extra preference for portfolio alternatives yielding higher returns.

According to the (Weber, Weber, & Nosić, 2013) gauge buyers' perceptions of volatile funding in phrases of mental mechanisms within the Chinese language stock marketplace. The look at objectives to establish the threat perceptions associated with distinctive varieties of statistics, cultural history, and the impact of uneven statistics. A 42-object questionnaire was dispensed to 1,547 respondents from the Nan Fang Bond corporation's sale departments. The authors use structural equation modeling (SEM) to generate the extent of threat perception. They discover a low degree of subjective chance and an excessive degree of objective danger. Within the context of the Chinese language stock marketplace, the study recommends augmenting schooling, information, and abilities; strengthening the regularity of indexed agencies, and correcting the inventory market's useful base.

According to the Korniotis & kumar, (2011) also tested older buyers to discover their selections making dynamics. Many researchers of psychology agree that preference making skills go to pot as human beings develop vintage relying upon the intellectual health of humans. In the identical test its miles discovered that professional investors are less probably to take effective funding picks. Older investors have extra know-how; but they exhibit worse funding capabilities especially belonging to minorities, decrease profits and are a lot much less knowledgeable phase. It have become concluded that impact of having older rules the notable impacts of enjoy.

The funding behavior of personnel of oil India restricted and positioned that 4 demographic variables (designation, gender, qualification and age) are important in guiding investment preference and specifically, age was giant indicator to steer equity investment selection studied by the Anderson, torben, bhattacharya, & joydeep (2011). Gender influences gift investment selection while designation and qualification play no role in equity percent choice making. In addition, studies display that demographics of buyers play

big function in choosing considered one of a kind funding portfolios and willingness to take hazard.

The function of variables such as gender, education, age, earnings and occupation on the funding choice in India on a pattern of 428 customers investigated by the Mittal and vyas (2007). The examine provided evidence that the funding desire relies on traders' private attributes collectively with gender, profession, profits, schooling and age. They propounded that an investor may be a household, small businessman, a funding banker or head of a large employer. An exquisite investment choice taken via a person can change his/her future, but an excellent funding desire taken via head of an organization can change the fate of the business enterprise.

According to the Kannadhasan & nandagopal (2010) accomplished a studies on financial specialists (gms, cfos, and vps) of listed car organizations in India. This have a look at tested how chance assessment in "strategic investment alternatives" (sids) is influenced thru desire makers' function (demographics). The have a study found out that the danger propensity of the finance specialists is positively associated with hazard analysis in sids.

According to the Liu & chong, (2011) tested the economic behavior of families in china. Psychometric and demographic variables (family wealth, in step with capita income, education, marital reputation, employment repute and investment in housing) were used to accumulate the records of person families via a survey using questionnaire. The study placed several elements that effect the desire of households' portfolio allocation and willingness to select investment activities. The check showed that household wealth, regular with capita earnings, education, and employment reputation has an amazing effect

on portfolio allocation of man or woman traders. But, the marital fame performs no role in identifying the resource allocation of buyers in china.

In assessment, chavis, larry w., and klapper et al., (2010) found that marital popularity transition plays a sizable role in influencing the investment preference specific in case of being divorced and widowed. The equal take a look at additionally cautioned that exchange in marital fame and having children has a few importance to investment preference. In conjunction with one of a kind demographic variables, the function of gender has been researched in behavioral finance. (davar & gill, 2007) investigated the underlying dynamics of funding picks for both male and female shoppers. The outcomes of the examiner cautioned that males have a higher stage of cognizance and satisfaction than ladies for several investment venues. The have a look at moreover emphasized the function of familiarity and opinion as underlying dynamics of investment preference for each male and ladies spend money on mutual budget and are likely to have better instructional qualification

According to the Van de Venter et al., (2012) academics are divided as to whether monetary threat tolerance is an enduring mental trait and consequently is less probable to alternate over the existence of an person, or a variable psychological nation which varies quite simply in reaction to inner and outside affects. In this take a look at we file the findings of a longitudinal study that investigates the yearly alternate in financial threat tolerance ratings of individuals over a 5-yr duration and the elements that affect such exchange. Our outcomes suggest a rather small annual trade in individuals' monetary risk tolerance. Despite the fact that our regression model is useless in providing a clarification for an exchange in the financial chance tolerance scores of person respondents, we find a slight decrease in monetary chance tolerance related to a decrease in household length and a growth in financial hazard tolerance after terminating the offerings of an economic

planner. From our consequences we recommend that financial risk tolerance is a strong persona trait and is unlikely to exchange considerably over the life of a man or woman.

According to the Yordanova & alexandrova-boshnakova (2011) the studies intention of the have a take a look at is to research the gender outcomes on hazard propensity, threat belief, and risk behavior of marketers distinguishing between direct and indirect gender effects. The check seeks to deal with the gap within the know-how of the hyperlink among threat-taking, danger propensity, and risk notion within the context of women and risk (Brindley). Primarily based on Sitkin and Pablo's version of hazard conduct and the literature on cognitive elements as determinants of chance notion, the paper provides hypotheses approximately the hyperlink amongst gender, chance perception, hazard propensity, and chance conduct. The proposed hypotheses are examined on a sample of 382 Bulgarian marketers. Despite the fact that girl and male marketers have comparable risk perceptions, woman marketers are likely to have a lower threat propensity than male entrepreneurs. Danger propensity mediates virtually the impact of gender on risk behavior. The impact of gender on threat propensity is mediated in part by using risk desire, final results information, and age. Gender has an indirect effect on risk belief thru overconfidence and risk propensity. The paper's functionality to attract causal inferences is confined via the use of the skip-sectional nature of the examiner. The effects may not be relevant to other worldwide locations and occupations. The findings help to make clean the motives for gender versions in hazard conduct and threat propensity of entrepreneurs and to design behavioral interventions.

According to the Sultana (2010) Indian investor these days have to endure a sluggish financial gadget, the steep market declines triggered with the resource of deteriorating sales, alarming opinions of scandals starting from illegal corporation accounting practices like that of satyam to insider buying and selling to make funding

choices. Inventory market's overall performance isn't certainly the stop end result of intelligible developments however additionally because of the emotions which is probably although baffling to the analysts. Notwithstanding loads of facts bombarding from all instructions, it is not the bloodless calculations of financial wizards, or business enterprise's usual performance or significantly often occurring criterion of stock usual performance but the investor's irrational emotions like overconfidence, worry, hazard aversion, and so on. Appear to decisively power and dictate the fortunes of the market. this paper at the same time as discussing the characteristics of the Indian man or woman investors alongside makes an try to find out the relationship among a set up variable i.e., danger tolerance stage and unbiased variables which incorporates age, gender of an character investor on the idea of the survey. Indian traders are immoderate earnings, nicely educated, salaried, and unbiased in making funding choices and conservative buyers. from the empirical look at it turned into determined that regardless of gender, maximum of the investors (forty-one%) are discovered have low hazard tolerance degree and lots of others (34%) have excessive threat tolerance degree in desire to moderate threat tolerance stage. It is also decided that there may be a robust terrible correlation amongst age and risk tolerance degree of the investor. Television is the media that is largely influencing the investor's choices.

The test inspected the relationship among the risk resilience and age for that creators gathered a fact from the board of overview of supporter money inside the way of 1983-89. Creators advanced a theory ways of life cycle subsidizing and their risk resilience develop to be estimated by means of proportion of the danger resource for surely understood riches. The entire riches is characterized by methods for the total of human capital and net pleasantly well worth. Through the assessment of clear rigging, the creators

suggest that the possibility resistance increment with the development in the age, (wang and hanna, 1997).

The creators thought about the results of statistic factors (race and ethnicity) to degree the budgetary risk resistance of blacks, Hispanics and whites. The inspected reasoned that the "blacks and whites" has additional financial hazard resilience than whites, in the wake of estimating the results of different factors. Danger mentality can have an effect at the creation a speculation lead, so proper method to take money related risk is vital for accomplishing financing objectives. Government organizations and financial manual should accentuation on client venture preparing and money related peril resistance to racial and ethnic offices for better decision to accomplish their fiscal dreams. (yao,gutter, hanna, 2005).

To look at the relationship a large portion of the danger resistance, projection inclination, striking quality and value charges by methods for developing speculations. Initially, the peril resilience certificate of the speculator varies with the trade in subsidizing commercial center, and, second, customers utilize a definitive market charge to collect their danger resistance attitude. The specialists use relapse check to decide the capacity of projection predisposition and striking quality inside the arrangement of risk conduct among a comfort example of web 1355 respondents. A check result demonstrates that individual who private securities intrigued to utilize current stock commercial center insights at the season of putting in danger demeanors. Furthermore, the risk demeanors in customary and generally were fluctuating at the bases of last costs of end of the week. Money related guide supported that hazard resistance need to not be utilized as a dormant information while settling on resource allotment choice. (grable, lytton, barbara o'neill, joo, and klock, 2006).

The investigated come to be accomplished on the innovative movement together with the shot resistance of the majority of the business people and entire time enlisted people in South Africa. They select a couple control factors (age, conjugal notoriety, ethnicity, race, skill, home possession acknowledgment, tutoring, etc.) and planned a poll and collect that shape the 1054 respondents. through the examination of single direction anowa and a couple of fair-minded example advocate that the business person are additional danger resilience then the total time enlisted man or lady and non-contracted individuals. Moreover, they end that the Maas and Herrington viewpoint out that there might be innovative intrigue is exceptionally relying upon the ground-breaking enterprise instruction in South Africa (antonites and wordsworth, 2009).

The creators analyzed monetary risk resistance in identified with the worldwide money related calamity to uncover this affirmation creator, do test and retest at the records of 2007-2009 of the purchasers who utilize the Finemetrica risk resilience study and in the wake of controlling for statistic and adjacent varieties. Examine affirmed the final product that in first investigate the peril resistance changed into high anyway in retest that develop as accomplished for the 2d 1/2 of 2008 and first 50% of 2009, the hazard resilience turned out to be low, and the exchange rise as no more noteworthy than a couple of measurement factors, (gerrans, faff, neil hartnett, 2012).

The inspector comprises of the board realities from 1992-2006 that is influxes of the wellbeing and retirement investigate (hrs.) to view the other in peril resistance through hanging loose with the other in stock commercial center returns. Scientists presume that there is a splendid connection inside the peril resilience and the stock market move lower back. Character financial specialists watch out for deal the securities in the meantime as the stock costs float upward and will in general shop for the securities while stock expenses are low. Specialists, businesses, monetary instructors and professionals should direct the

purchasers to maintain a strategic distance from the partiality of overweighting current data of market execution. Scientist utilized staggered aggregate calculated relapse assessment to see whether showcase returns anticipate the adjustment in chance resilience throughout the years that has overseen for different factors inside the model, (yao, angela l. twist, 2010).

The check presumes that start request is combination with risk resistance degree. Analyst settled on 3 hundred sixty-eight people as example to gain data from a college inside the southwestern US finished a psychometrically stable money related hazard resistance measure (grable and lytton, 1999). This have an examine infer that previously conceived people have radical risk resistance degree and the later-brought into the world individuals have less danger resilience confirmation. Among later-conceived people male purchasers have unbalanced possibility resilience than the later-conceived young ladies. Unmistakable actualities are utilized to watch circulation of the exceptional financial and statistical factors with regards to delivery request. Thus, there is utilization of t tests to unearth any principle refinement that could exist with acknowledge to start request the various numerous statistic and resource portion patterns, (gilliana and chatterjee, (2011).

According to the Wang (2009) delivered that there are numerous viable causes for the monetary conduct of investor one of the motives is financial information. The usage of survey information, this study demonstrates that, at the least for traders, their goal information, subjective facts, and danger-taking are fairly correlated. greater importantly, gender emerges as an important factor that differentiates buyers' stages of goal know-how, subjective understanding, and threat-taking, while traders' subjective statistics mediates investors' goal expertise on hazard-taking because of this, this have a look at can facilitate the funding product designers to layout merchandise that can cater to the buyers who are low hazard tolerant.

According to the (Hoffmann, Post, & Pennings, 2013) look at how the perceptions of individual buyer's exchange, based on hazard taking and buying and selling behavior all through the economic disaster of 2008/09. The use of a sample of one, 510 clients with brokerage records, they gathered information via a month-to-month questionnaire administered among April 2008 and March 2009. The reliability of the variables is decided using Cronbach's alpha. Their effects indicate that traders' perceptions differ significantly in the course of an economic disaster. Chance perception and tolerance are less risky than return-related expectations.

According to the (X. L. Wang, Shi, & Fan, 2006) gauge buyers' perceptions of volatile funding in phrases of mental mechanisms within the Chinese language stock marketplace. The look at objectives to establish the threat perceptions associated with distinctive varieties of statistics, cultural history, and the impact of uneven statistics. A 42-object questionnaire was dispensed to 1,547 respondents from the Nan Fang Bond corporation's sale departments. The authors use structural equation modeling (SEM) to generate the extent of threat perception. They discover a low degree of subjective chance and an excessive degree of objective danger. Within the context of the Chinese language stock marketplace, the study recommends augmenting schooling, information, and abilities; strengthening the regularity of indexed agencies, and correcting the inventory market's useful base.

How individuals' demographics may additionally affect their adoption of online stock trading investigates by the (Hou, 2015). The outcomes imply that on-line stock traders are more likely to be male, have higher levels of training, and feature higher degrees of earnings than non-investors. Age was now not located to correlate with individuals' adoption of on line inventory trading. This look at also located that on-line

stock traders fluctuate from non-investors in terms in their internet utilization behaviors as well as their attitudes closer to the internet.

The examinations end up being intended to choose the impacts of money related and statistic variable and components related with the hazard resistance. The creators get certainties from the 1992 overview of client money. They utilized a strategic relapse assessment and chi rectangular measurements to choose the risk resilience in units of differing factors. They complete that the woman is an extraordinary arrangement considerably less danger resistance as examine to male with having an equivalent possess family profit. the creators furthermore advocate that opportunity resilience also extend by utilizing sexual orientation, conjugal notoriety and preparing because of refinement in comprehension of the risk's temperament, (sung and hanna,1996).

The take a gander at expected to check alterations in financial danger resilience of speculator while returns and charges go. Consequently, he utilizes six review of buyer account with the guide of the use of stream sectional actualities from 1983 to 2001. The investigations measure the alterations in money related danger resistance degree for the span of this time. The creator finished assessment to degree the alterations in risk resistance to control respondents and family characteristics. Inquire about screen that financial threat resilience degree will increment even as returns of stock blast and the other way around. The inspector likewise put that the relationship in monetary hazard resilience and charge variance is horrible. This take a gander at lets in the speculator to avoid the predispositions of overcompensating the most recent exercises, (yao, hanna, suzanne, temper, 2004).

According to the Alexandrova-Boshnakova (2011) check out the effect of gender on threat belief, propensity, and conduct, based on a sample of 382 Bulgarian entrepreneurs. The use of Phusavat, Sitko-Lutek, & Ooi (2012) version of risk behavior

and different research on exclusive cognitive factors, they locate that gender has an oblique effect on risk perception thru danger propensity and overconfidence. The gender effect on chance-taking tendency is mediated partly through age, final results history, and chance choices. Both male and woman marketers had the identical risk stage, but the latter had a decrease hazard propensity than their male opposite numbers.

According to the Bashir et al., (2013) look at the affiliation between demographic variables and investment possibilities on the subject of stocks and playing decisions amongst a pattern of salaried finance instructors and bankers in Sialkot and Gujrat. The authors have analyzed chance versions among salaried people based totally on earnings, age, education stage, and gender. Their findings show that girls are more reluctant to take on risk than men. More youthful as well as better-knowledgeable human beings are also willing to take greater threat however hesitate due to aid shortage and shortage of investment opportunities. The observed concludes that a bad relationship exists between gambling and hazard taking when making investment choices in some non-conductive financial surroundings.

According to the Bashir et al. (2013) performed an observed so that it will look at the affiliation among demographics, persona trends and self-assurance level. Questionnaire method became used for information series from a pattern length of one hundred numbers of employees. The effects of the have a look at showed that conscientiousness, agreeableness emotional stability and enjoy openness i.e. all personality traits are related to the overconfidence. The consequences of the study indicated that character trends and stage of confidence haven't any affiliation with every different.

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1983-89. Creators advanced a theory ways of life cycle subsidizing and their risk resilience develop to be estimated by means of proportion of the danger resource for surely understood riches. The entire riches is characterized by methods for the total of human capital and net pleasantly well worth through the assessment of clear rigging, the creators suggest that the possibility resistance increment with the development in the age, (wang and hanna, 1997).

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According to the Estesa and hosseinib (1988) conducted a have a look at to discover the investment selection association with the confidence stage and demographics. The results of the have a look at indicated that men have excessive degree of self-assurance

while making funding selection than female and with-it training has additionally a dating with the extent of confidence.

An investor who is of the same opinion to accept uncertainty at an extreme stage whilst creating a financial choice is termed risk-tolerant. This signifies the degree of unpredictability in returns that the individual is willing to tolerate. danger tolerance is a tremendous factor in funding decisions. People have to realistically consider their potential and willingness to endure use and downs within the value of their funding. traders who tackle an excessive amount of risk may additionally panic and promote at the wrong time. The capacity and willingness to accept failed funding decisions at the same time as awaiting the value of the funding to growth is part of risk tolerance. traders who're averse to taking the risk that their investments would possibly drop in charge have little or no threat tolerance (Bashir et al., 2014).

Portfolio management entails building and retaining a collection of investments. Financial plan is invested in awesome securities that limit the portfolio's total danger even as maximizing general returns. Portfolio management combines the weaknesses, strengths, threats, and possibilities related to a sure desire of debt, fairness, national and international conditions, progress, and other tradeoffs. The venture in portfolio control is to maximize returns at a given level of chance tolerance. This entails hedging risks to attain the most possible return whilst minimizing the risk concerned. on this context, Markowitz (1952) suggests that portfolio managers diversify their portfolio on the idea of the variance and mean.

According to the (Hoffmann, Post, & Pennings, 2013) look at how the perceptions of individual buyer's exchange, based on hazard taking and buying and selling behavior all through the economic disaster of 2008/09. The use of a sample of one, 510 clients with

brokerage records, they gathered information via a month-to-month questionnaire administered among April 2008 and March 2009. The reliability of the variables is decided using Cronbach's alpha. Their effects indicate that traders' perceptions differ significantly in the course of an economic disaster. chance perception and tolerance are less risky than return-related expectations.

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According to the Yao, Sharpe, & Wang, (2011) take a look at the outcomes of generation, duration, and age on threat tolerance, based on pass-sectional records for 1989–2007. They encompass “infant boomers” and individuals of the “silent” and X generation in their sample of 21,167 respondents. The authors endorse a hypothesis on the basis of their conceptual framework. significant hazard, excessive danger, and coffee chance are taken as dependent variables even as the unbiased variables consist of technology, survey year, economic elements, demographic characteristics, and perceptions. The take a look at unearths a terrible dating between age and hazard tolerance: as age will increase, the capability to recoup losses decreases.

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2.5 Hypothesis

H₁: There is a significant relationship between demographic characteristics and risk perception.

H₂: Demographic characteristics affect investors' portfolio management.

CHAPTER 3

Methodology

3.1 Research Design

In this study three demographic factors/variables namely age, gender, education and experience of broker's and their risk-taking behavior has been used while making investment. In this study, some items such as Market Efficiency, Prospect Theory, Regret Aversion, Cognitive, Heuristics, Representative Heuristics and Overconfidence (Güven, Mehmet and Abdullah, 2007) of the brokers have checked with respect to age, education and experience of the brokers while making investment decision. For each bias, different questions have been used and have been filled up by brokers in order to know how these biases effect the decision making of the brokers while making investments.

3.2 Population of the Study

The population of the study is 305 brokers registered in Pakistan Stock Exchange in which sample size of 170 brokers filled up the questionnaires. Questionnaire was shared via Google doc with all 305 brokers and time to time reminders were given to them, so they could response soon. In first reminder only 39 brokers filled up the questionnaire and sent back. In second reminder 80 brokers and in third response 51 brokers responded. For each bias different question have been used and have been filled up by brokers in order to know how these biases effect the decision making of the brokers while making

investments. For Market efficiency, Prospect theory and regret aversion two questions have been used for each bias while three questions have been used for cognitive bias. One question has been included for each bias such as Heuristics, Representative heuristics and overconfidence so total 12 questions cover these biases while other four questions cover age, education, experience and number of clients.

3.3 Data Analysis Technique

Survey methodology is being used in this study. Questionnaire is being used for primary data collection where individual was unit of analysis. Each respondent (Broker) will be given a questionnaire to be filled up in which 170 questionnaire forms received back. The questionnaires contain 16 questions related to age, education, and experience and risk behavior of the brokers. In questionnaire, different possible options have been given in order to know the respondents attitude. Secondary data gathered from books, journals and websites for review of literature. Descriptive Statistics and Regression Analysis is used for the purpose of analysis.

3.4 Regression Analysis

A regression analysis is applied on this primary data. Having four independent variables, a multiple regression is used in this study for determining the relationship between the dependent and independent variables. For this purpose, Ordinary Least Squares (OLS) method is used. The results of OLS and the interpretations are presented in the next section. SPSS “version 23” is used for analysis.

CHAPTER 4

Results and Analysis

4.1 Descriptive statistics

Empirical findings have been found below, on the basis of questionnaire forms results:

Table 4. 1: What is your age?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <25	7	4.1	4.1	4.1
25-35	25	14.7	14.7	18.8
35-45	66	38.8	38.8	57.6
45-55	39	22.9	22.9	80.6
>55	33	19.4	19.4	100.0
Total	170	100.0	100.0	

Interpretation:

The results of table 4.1 are showing the age factor of the brokers in which 38.8% of the brokers have age of 35-45. It means that brokers having 35 to 45 of age provide more services to investors in purchasing and selling of shares. In the same way, 22.9% brokers

are having age of 45-55, 19.4% are having age of more than 55 years, and 14.7% are having age of 25-35 while 4.1% brokers are having age less than 25 years.

Figure 4. 1: Age

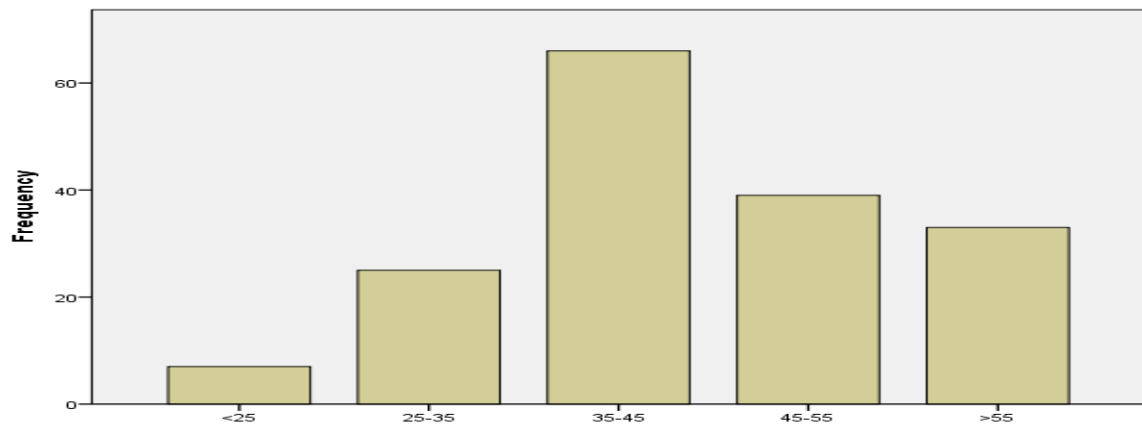


Table 4. 2: What are your educational qualifications?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
Valid Intermediate	6	3.5	3.5	3.5
Graduation	94	55.3	55.3	58.8
Masters	38	22.4	22.4	81.2
MS/MPhil	18	10.6	10.6	91.8
other	14	8.2	8.2	100.0
Total	170	100.0	100.0	

Interpretation:

In table 4.2 the results have shown the educational qualifications of the brokers. Most of the brokers are undergraduate as shown above in result and having 55.3% which is

high percentage. While 22.4% are having master’s degree, 10.6% are having MS/MPhil degree and 8.2% are having other academic certifications and diplomas.

Figure 4. 2: Educational Qualification

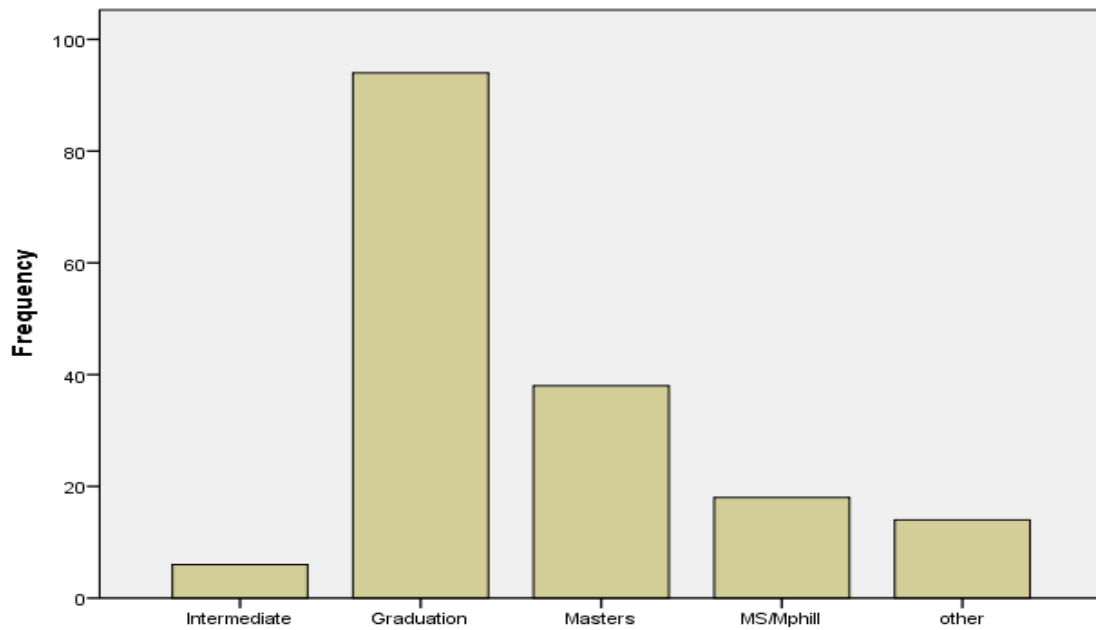


Table 4. 3: How long have you been offering financial planning advice to clients?

	Frequency	Percent	Valid Percent	Cumulative Percent
<1	7	4.1	4.1	4.1
1-4	69	40.6	40.6	44.7
5-10	77	45.3	45.3	90.0
>10	17	10.0	10.0	100.0
Total	170	100.0	100.0	

Interpretation:

The results of table 4.3 have shown the time period or duration of the financial services provided by the brokers to the investors. The result showing that five to 10 years' time period got 45.3 % which is the highest percentage among all which is also showing their years of experience in providing such services. It also shows that 40.6% brokers are having experience of 1-4 years, while 10% brokers are having experience of more than 10 years and offering financial services provided by the brokers to the investors.

Figure 4. 3:Financial Planning Advice

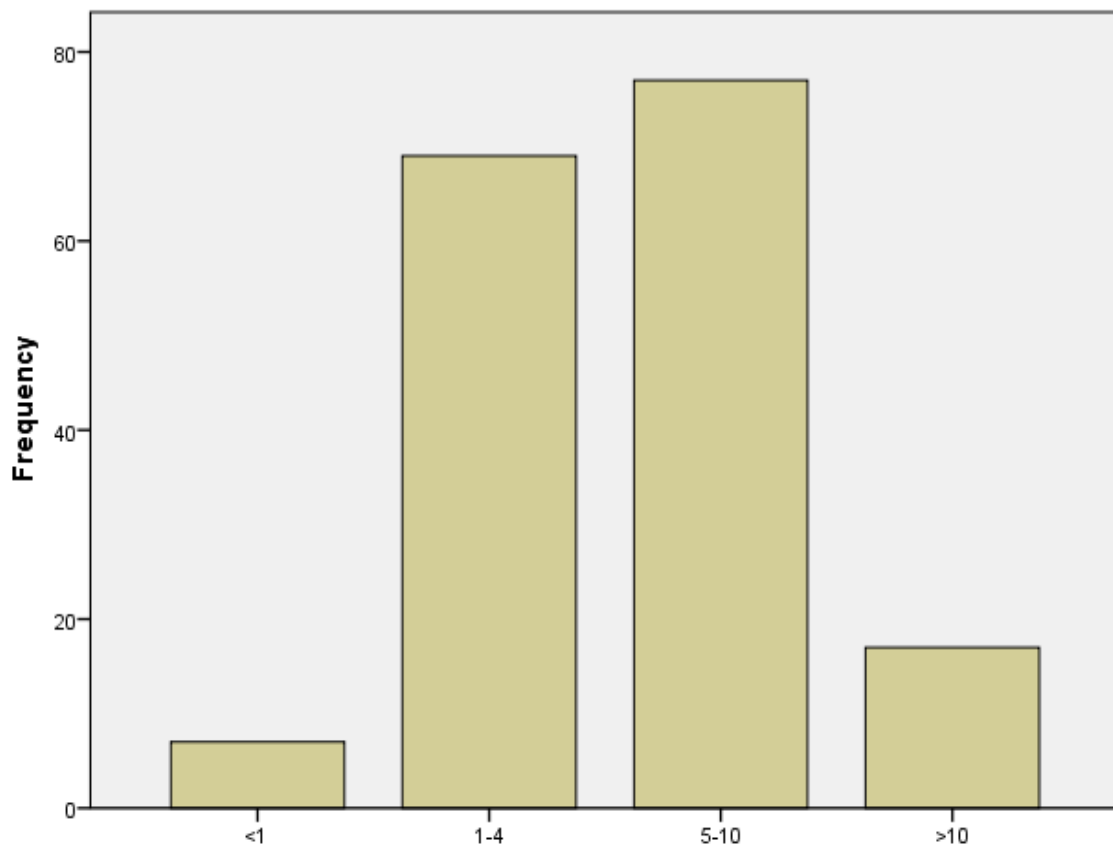


Table 4. 4: How many clients do you currently have?

	Frequency	Percent	Valid Percent	Cumulative Percent
< 10	26	15.3	15.3	15.3
10-39	65	38.2	38.2	53.5
40-79	76	44.7	44.7	98.2
>80	3	1.8	1.8	100.0
Total	170	100.0	100.0	

Interpretation:

The results of table 4.4 are clearly showing the number of clients. It is showing that the 40-79 has the higher percentage of 44.7% among all other number of clients so 40-79 is the greatest number of client's which brokers have. In the same way, 38.7% brokers added that they have 10-39 clients and they offer financial services to them, while only 1.8% brokers have more than 80 clients.

Figure 4. 4: Clients

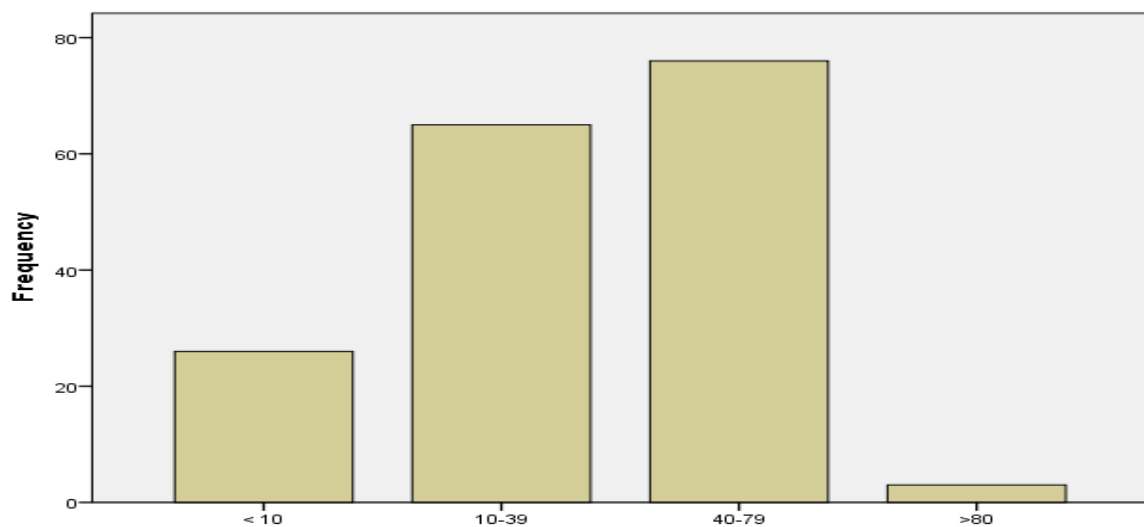


Table 4. 5: Do you think that you can make profit by purchasing the shares before the stock market index goes up and sell out the shares before stock market index goes down?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
I think it is possible to earn profit by doing this	104	61.2	61.2	61.2
I don't think it is possible to earn profit by doing this	41	24.1	24.1	85.3
I have no idea about it	14.7	14.7	14.7	100.0
Total	170	100.0	100.0	

Interpretation:

The result of table 5 showing the brokers attitude regarding market efficiency. Both of the questions are clearly presenting that the brokers don't believe on market efficiency because most of the brokers have selected the "I think it is possible" option. In case if the brokers really trust on efficient market then their response would be "I don't think it is possible" instead of "I think it is possible". 61% of the brokers suggest that market efficiency does not exist which means that available information has not spread equally on which abnormal profit can be earned.

Figure 4.5: Profit by Purchasing the Shares

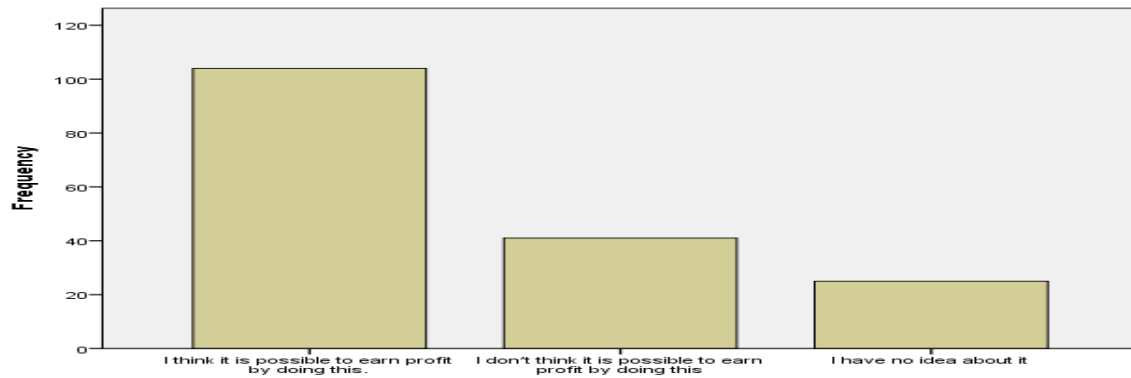


Table 4. 6: If you attempt to evaluate and select individual stock, like you are forecasting whether the market price of HBL or Bank Alfalah shares will go up and at which time it will increase?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
I think it is possible to earn profit by doing this.	106	62.4	62.4	62.4
I don't think it is possible to earn profit by doing this.	49	28.8	28.8	91.2
I have no idea about it.	15	8.8	8.8	100.0
Total	170	100.0	100.0	

Interpretation:

The result of table 6 are showing the brokers attitude regarding market efficiency. Both of the questions are clearly presenting that the brokers don't believe on market efficiency because most of the brokers have selected the "I think it is possible" option. In case if the brokers really trust on efficient market then their response would be "I don't think it is possible" instead of "I think it is possible". 62.4% of the brokers suggest that

market efficiency does not exist which means that available information has not spread equally on which abnormal profit can be earned. The above results of table 4.5 and 4.6 are showing that brokers do not use available information which is in market and become overconfident by not processing the already available information so due to overconfidence bias brokers neglect the available information and use their own information.

Figure 4. 5:To evaluate and select individual stock

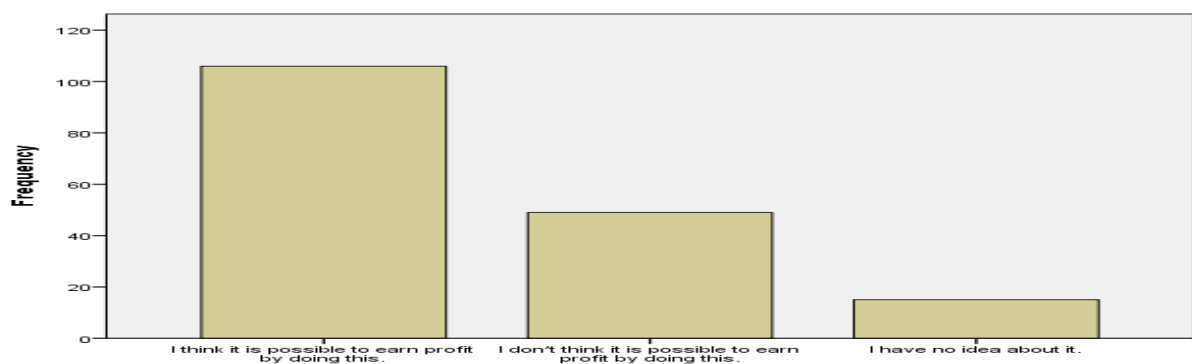


Table 4. 7: Does your intuitions will influence you when you are making decision to purchase shares of a specific company?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
Intuitions will have little influence	57	33.5	33.5	33.5
Intuitions will have influence	57	33.5	33.5	33.5
Intuitions will have large influence	13	7.6	7.6	54.1
Intuitions will not have influence	37	21.8	21.8	75.9
It based on the circumstances	41	24.1	24.1	100.0
Total	170	100.0	100.0	

Interpretation:

Table 4.7 is presenting the broker’s behavior within prospect theory framework. The table 4.7 is showing the results that only 21. 8% of brokers have answered that “Intuition will not have influence” which is clearly showing that the brokers are far away from being rational one due to their decision-making method. Rational decision making is based on analysis while irrational is based on intuition so 33.5 % of the brokers suggest irrational behavior while purchasing shares of a company.

Figure 4. 6:To Evaluate and select individual stock

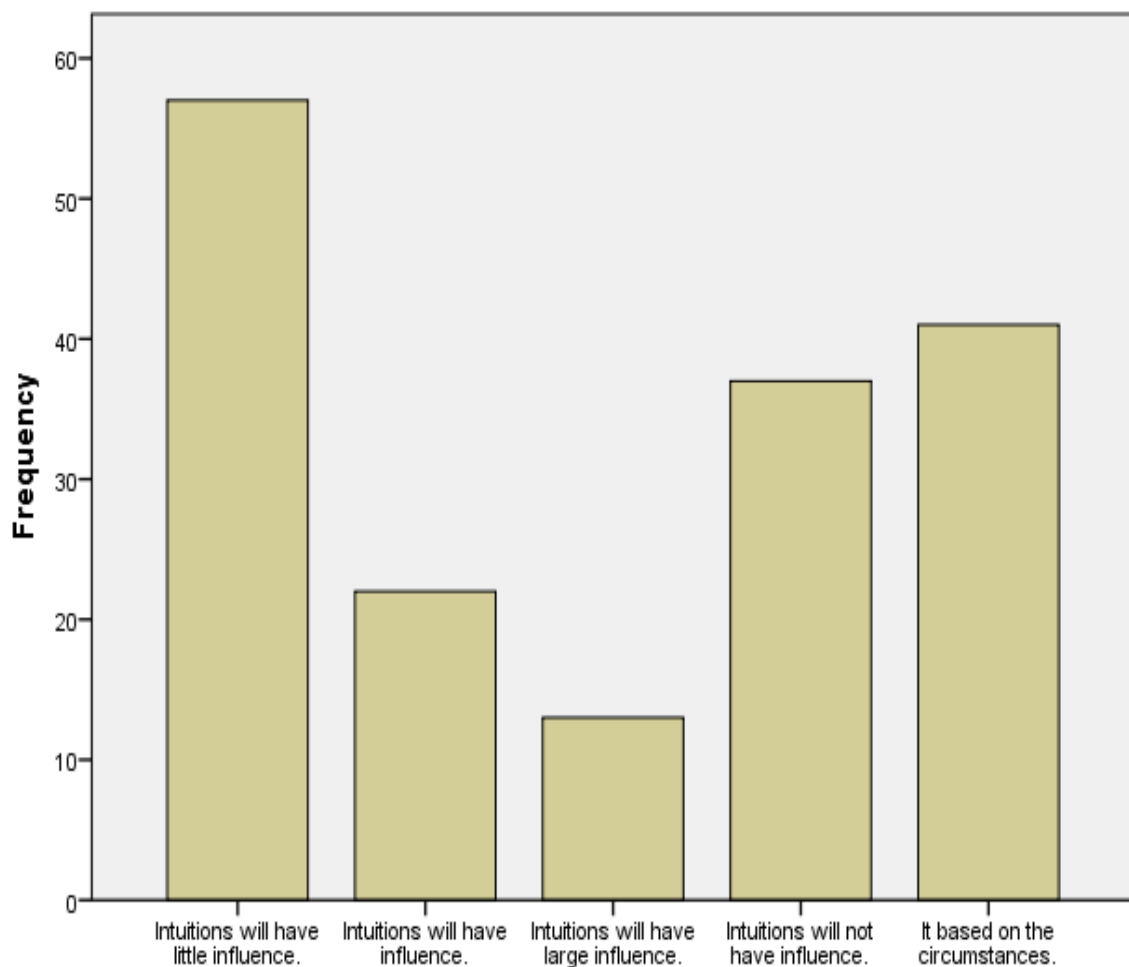


Table 4. 8: In uncertain stock exchange market conditions, if you have to sell out some of the shares, which shares will you prefer to sell?

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	The shares which earned a profit	114	67.1	67.1	67.1
	The shares which earned a loss	56	32.9	32.9	100.0
	Total	170	100.0	100.0	

Interpretation:

Table 4.8 is showing the risk attitude of the brokers. The results of the table 4.8 have showed that 67.1 %of the brokers reported that they give preference to share which earn profits instead of to the share which earn losses. It means that they take risk of having more losses by not selling shares having losses and by realizing those losses. The results are showing support for the risk-taking tendency of the brokers within prospect theory structure. Brokers prefer risk taking behavior by delaying the sale of losing stock and by selling the winning stock in order to realize the gain, so prospect theory is accepted here because risk portion is more as compare to profit.

Figure 4. 7:Uncertain Stock Exchange Market

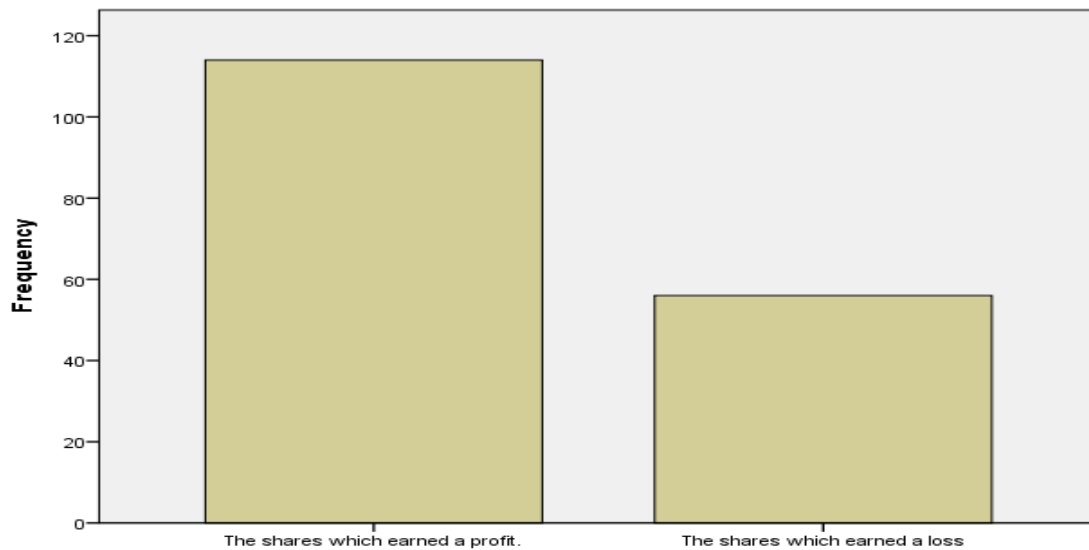


Table 4. 9: By comparing the gratification of 50% appreciation in the price of the shares that you have purchased and the regret of 50% decrease in the price of the shares that you have purchased:

	Frequency	Percent	Valid Percent	Cumulative Percent
The amount of gratification is higher than the amount of regret.	94	55.3	55.3	55.3
The amount of regret is higher than the amount of gratification.	76	44.7	44.7	100.0
Total	170	100.0	100.0	

Interpretation:

Table 4.9 has presented the concept of Regret aversion. The results have described that 94 (55.3%) out of 170 brokers or respondents have answered that the amount of

gratification is low which is 76 (44.7%) than the amount of regret which is high 94 (55.3%) as compared to gratification so low gratification which is 76 (44.7%) out of 170 by comparing the 50% appreciation with 50% decrease in price of a share. Here main concern is with the losing stock and risk. Brokers hold losing stock in order to earn significant amount but when they lost they regret. They gain in winning stock but not feel gratification or happy while the amount of both is same, but they are main concern with the losing stock.

Figure 4. 8:Gratification

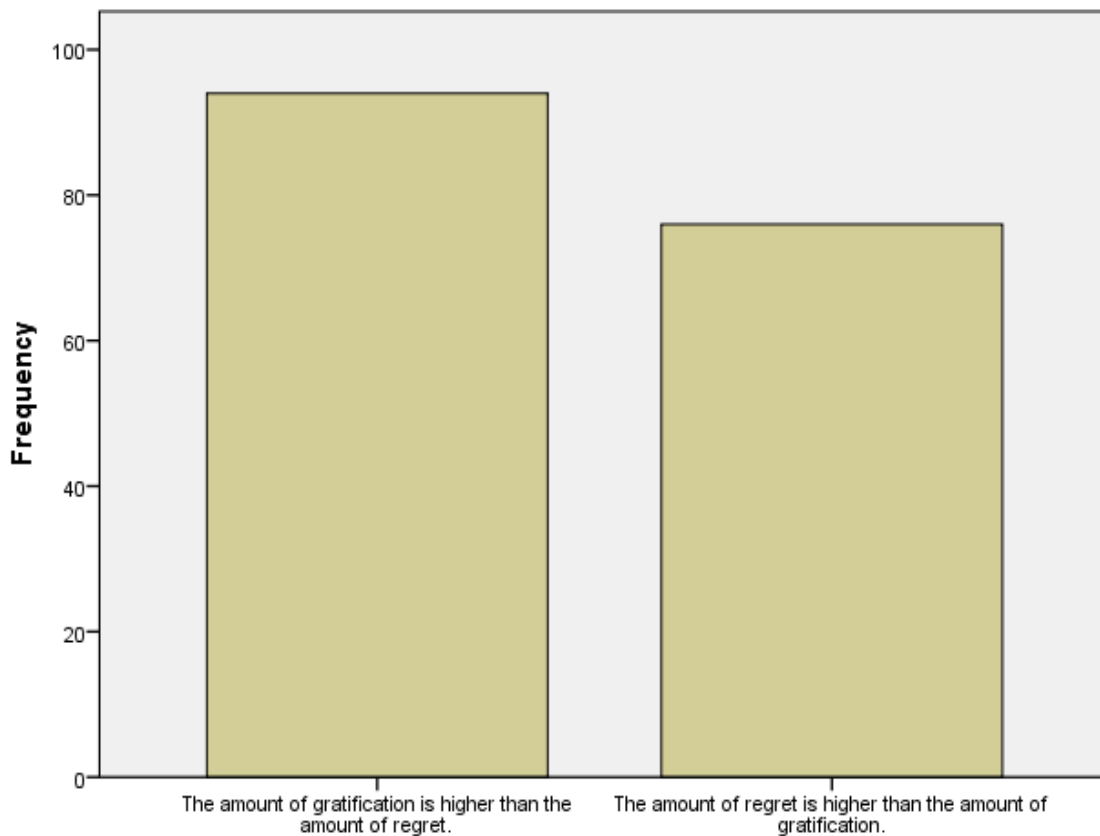


Table 4. 10: Which was the most influencing factor of your decision making to purchase shares which provided greatest? Profit to you recently?

		Advice of a friend	Advice of professional	Analysis of your own	Recommendation provided by media	Your intuitions	Total
By comparing the gratification of 50 % Appreciation in the price of the shares that you have purchased and the regret of that you have purchased and the regret of 50 % decrease in the price of the shares that you have purchased.	The amount of gratification is higher than the amount of regret	3	10	24	1	4	42
	The amount of regret is higher than the amount of gratification	13	14	17	8	6	58
	Total	16	24	41	9	10	100

Interpretation:

Table 4.10 shows the results that out of 58 only 17 respondents or brokers have revealed that they use their own analysis for making decisions while others apply different options for making their decisions. So here the amount of gratification is 24 while the

amount of regret is 17. It means that level of gratification is high as compare to level of regret, so the theory is not totally regret aversion.

Figure 4. 9: Influencing Factor

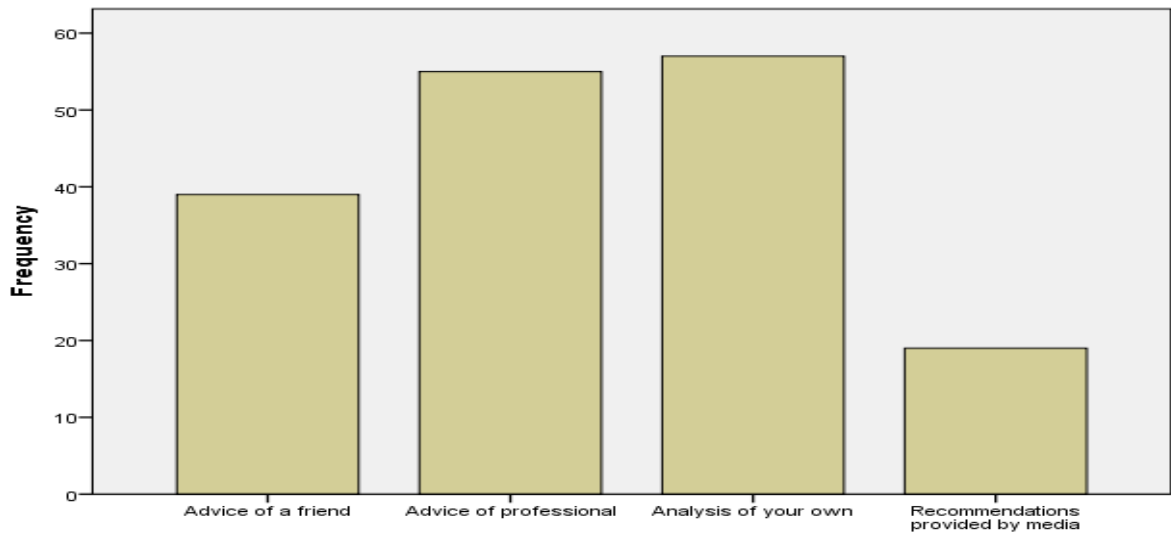


Table 4. 11: How much return on average you obtained from your investments in stock exchange market during the last year:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	13	7.6	7.6	7.6
≥0-20	80	47.1	47.1	54.7
20-40	64	37.6	37.6	92.4
40-60	13	7.6	7.6	100.0
Total	170	100.0	100.0	

Interpretation:

Results of table 4.11 presenting the Cognitive theory and have described that the 80 respondents have answered that they will have return of $\geq 0-20$, while replying to the next question they respond that during uncertainty time period they will sell the share which earn profit, so they have kept their belief that their initial decision was faultless or correct. During selection of stocks, investors were more concerned to incorporate losing stock in portfolio so earn less loss. So traditional finance is applicable because of rational decision making.

Figure 4. 10:Return on Average

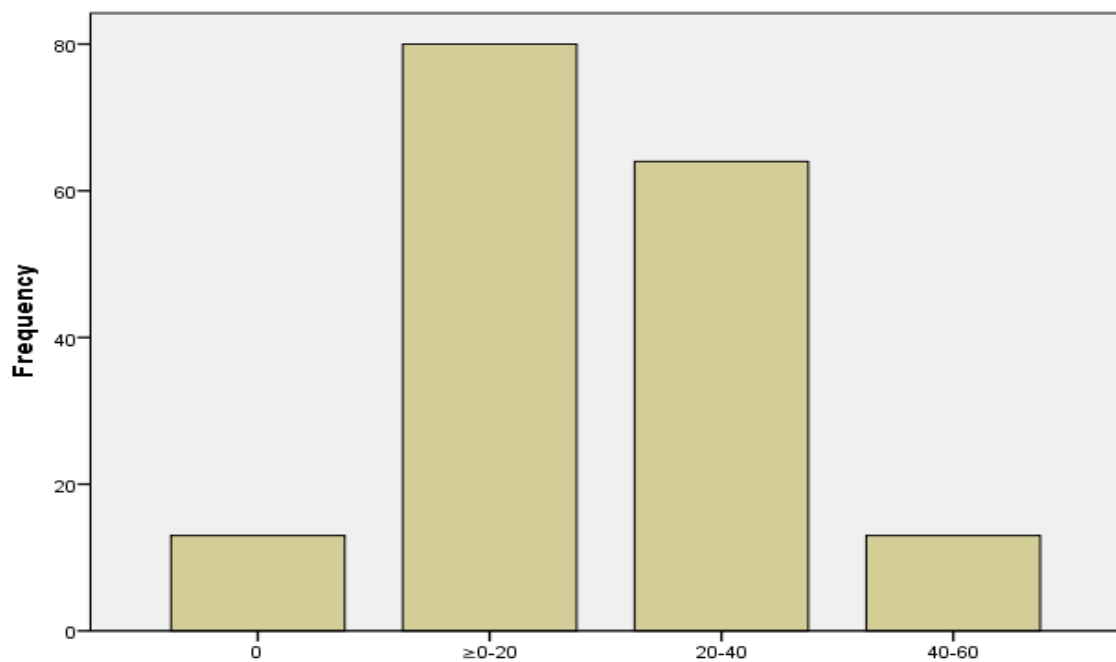


Table 4. 12: How much average return you are expecting from stock investments for coming year?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	At loss	29	17.1	17.1	17.1
	0 -20%	61	35.9	35.9	52.9
	20% -40%	72	42.4	42.4	95.3
	40% -60%	8	4.7	4.7	100.0
Total		170	100.0	100.0	

Interpretation:

Results of table 4.12 are also presenting the cognitive theory in which 29 respondents out of 170 have pointed that “I may not be able to have positive return” while the other 141 respondents still believe that they expect a positive return. Brokers are more optimistic because they give more weight to their own decisions instead of other individuals.

Figure 4. 11: Average Return

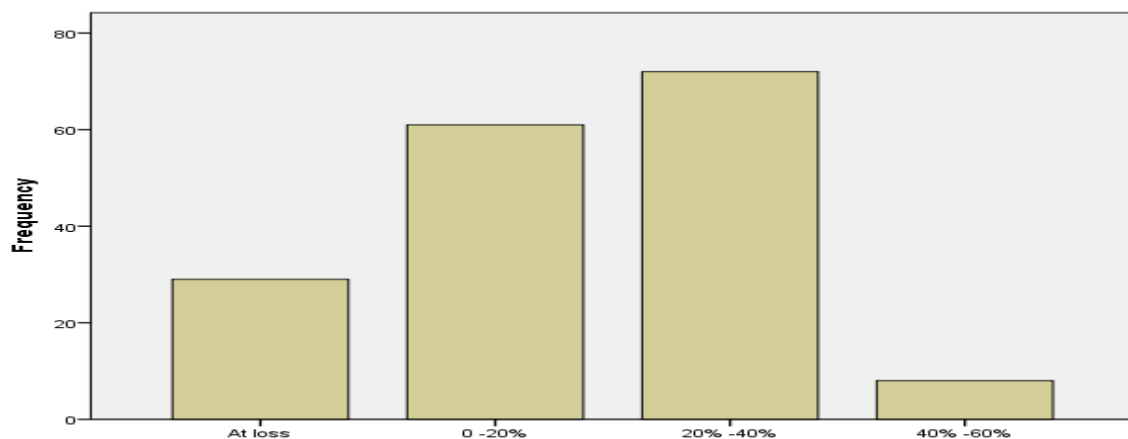


Table 4. 13: The shares of well recognized organizations have lesser risk as compared to risk of the shares of the smaller firms:

			Valid	Cumulative
		Frequency	Percent	Percent
Valid	Agree strongly	74	43.5	43.5
	Agree	42	24.7	68.2
	Disagree	28	16.5	84.7
	Disagree strongly	15	8.8	93.5
	Have no judgment	11	6.5	100.0
	Total	170	100.0	100.0

Interpretation:

The results of table 4.13 are presenting Heuristic and have showed that 43.5% and 24.7% brokers have expressed that they “agree” or “strongly agree” with the statement that organizations have lesser risk which are well recognize. So, heuristics theory is accepted here.

Figure 4. 12: Well Recognized Organizations

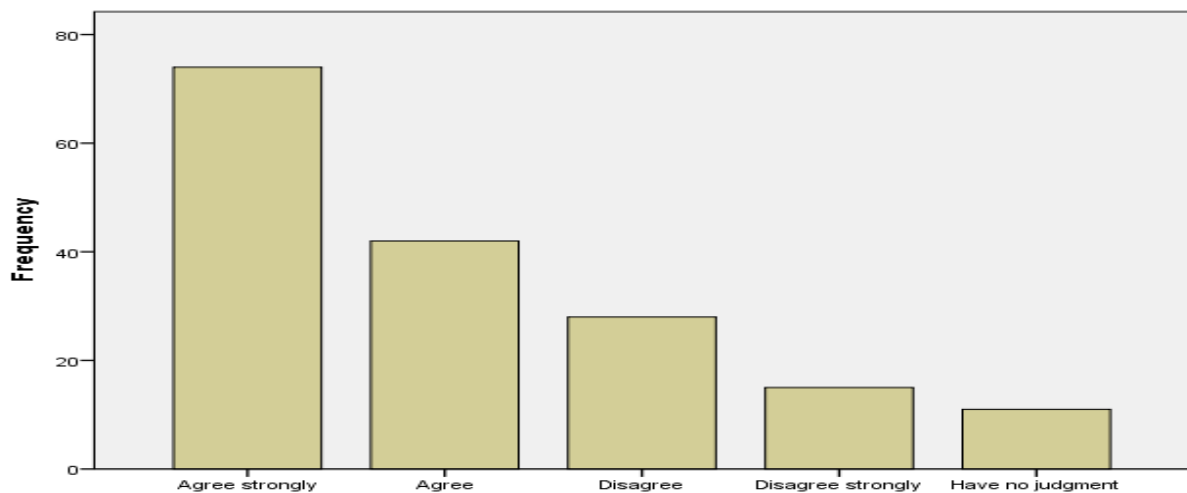


Table 4. 14: Do you think that familiar stock will provide you more return as compared to stock which is unfamiliar to you?

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	Yes, I think it is possible	73	42.9	42.9	42.9
	No, I don't think it is possible	66	38.8	38.8	81.8
	I have no idea	31	18.2	18.2	100.0
	Total	170	100.0	100.0	

Interpretation:

Whereas, the results of table 4.14 have indicated that 42.9% of the brokers have expressed that “they think it is possible” that the known stock will give more return, so heuristics theory is accepted here. Most investors prefer investment in known securities due to lesser risk and more return instead of unknown securities so base on these they forecast that their result will be positive as they know the security well.

Figure 4. 13: Familiar Stock

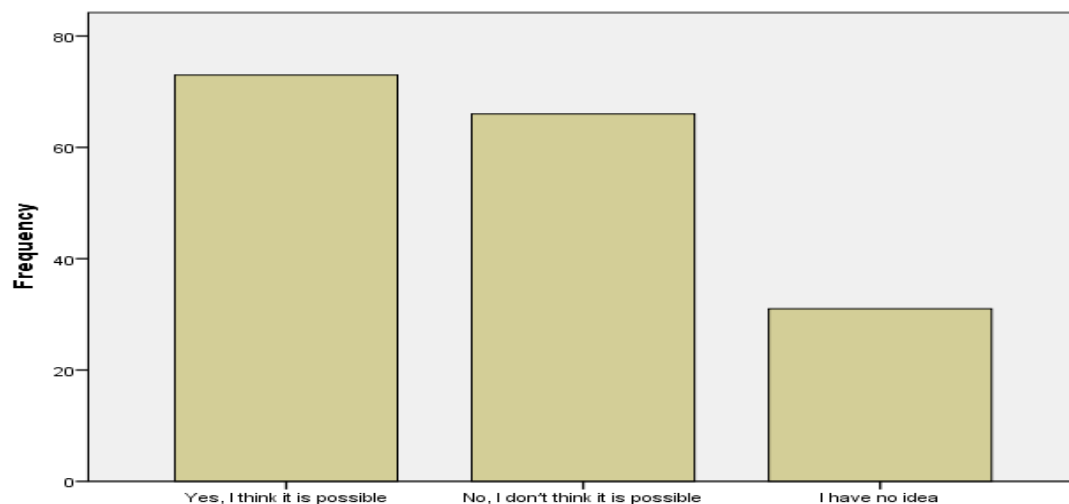


Table 4. 15: You have earned profit previously on the purchase of shares which a friend has recommended to you. Now the same friend asks you that the price of shares of a certain company A will increase. What will be your decision regarding the purchase of that stock?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
Valid I will purchase these shares immediately.	40	23.5	23.5	23.5
I will do some research and then purchase it.	44	25.9	25.9	49.4
I will consider some other similar alternatives.	16	9.4	9.4	58.8
I will not consider purchasing these shares.	35	20.6	20.6	79.4
I will make decision based on existing market trend regarding these shares.	35	20.6	20.6	100.0
Total	170	100.0	100.0	

Interpretation:

Results of table 4. 15 are showing Representative Heuristics which is another kind of Heuristics. According to the results jotted above in table it is clearly stated that 25.9 % of respondents answered that “I will do some research and then purchase it”. So, the individual historical experiences could not be disregarded. Brokers have neglected the historical experiences and follow current.

Figure 4. 14: Profit Previously

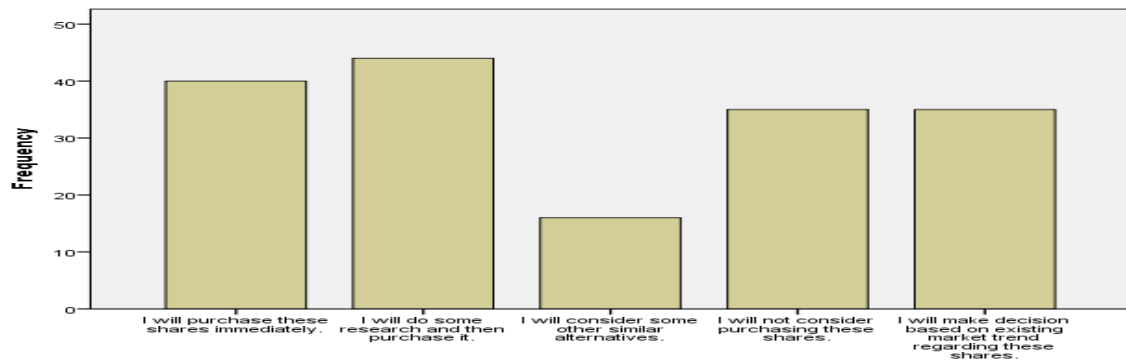


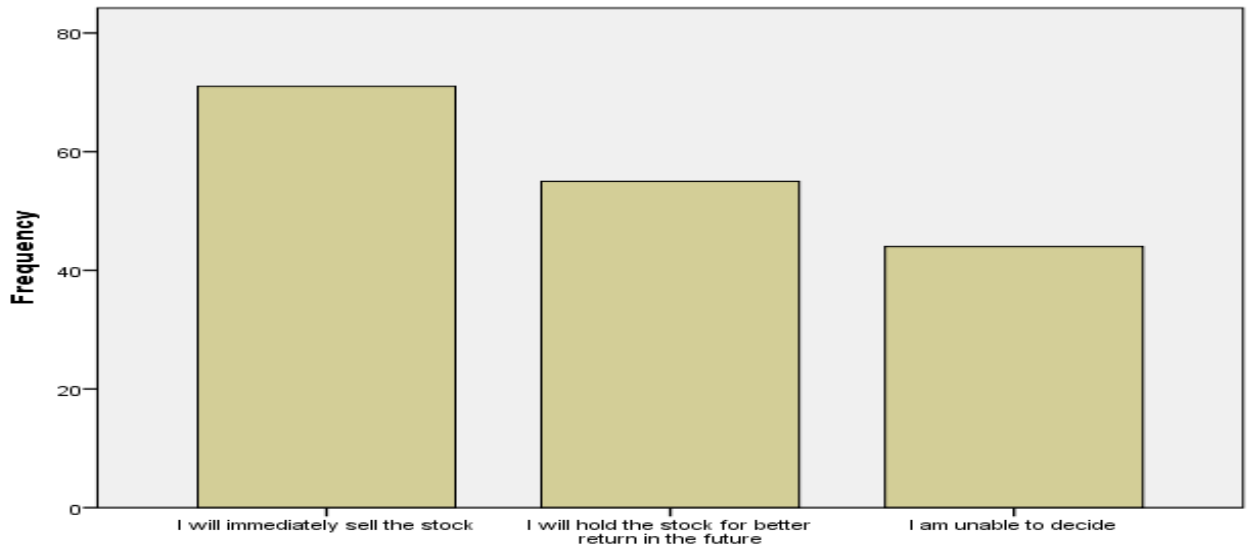
Table 4. 16: If your current stock holding is able to provide you positive return, what will be your decision about your stock holding?

			Valid	Cumulative
	Frequency	Percent	Percent	Percent
Valid I will immediately sell the stock	71	41.8	41.8	41.8
I will hold the stock for better return in the future	55	32.4	32.4	74.1
I am unable to decide	44	25.9	25.9	100.0
Total	170	100.0	100.0	

Interpretation:

Table4.16 results are showing the Overconfidence bias in which brokers trade too aggressively. The results indicated that 71 (41.8%) out of 170 brokers have answered that “I will immediately sell the stock” because of giving positive return instead of holding the stock for future better return. Brokers don’t go for holding the stock. They become aggressive and sell the stock.

Figure 4. 15: Stock Holding



4.2 Multiple Regression Results

		Coefficients					Collinearity	
		Unstandardized		Standardized				
		Coefficients		Coefficients		Statistics		
		Std.						
Model		B	Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.339	.608		5.492	.000		
	Age	.178	.083	.159	2.152	.033	.959	1.043
	Education	.032	.091	.026	.346	.730	.919	1.088
	Experience	-.001	.124	-.001	-.011	.991	.956	1.045
	Income	.555	.121	.344	4.588	.000	.930	1.075
	Risk Tolerance	-.037	.050	-.054	-.735	.464	.963	1.039

a. Dependent Variable: Risk Perception and Portfolio Management

Interpretations:

In the above regression model, Risk Perception and Portfolio Management is used as a dependent variable while Age, Education, Experience, Income and Risk Tolerance are used as an independent variable. The P-value of Age is 0.033 which is less than 0.05 which shows that Age has a positive and significant association with Risk Perception and Portfolio Management. The P-value Education of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio Management. In the same way, the P-value Experience of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio Management. However, the P-value of Income is 0.000 which is less than 0.05 which shows that Age has a positive and significant association with Risk Perception and Portfolio Management. However, the P-value Risk Tolerance of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio Management. However, the coefficient of Risk Tolerance is -.037 and it has a negative effect on Risk Perception and Portfolio Management. It also reveals that 1% change in Risk Tolerance will decrease Risk Perception and Portfolio Management by 3.7%.

4.3: Collinearity Diagnostics

Collinearity Diagnostics									
		Condition			Variance Proportions				
Model	Dimension	Eigenvalue	Index	(Constant)	Age	Education	Time	Clients	Tolerance
1	1	5.687	1.000	.00	.00	.00	.00	.00	.00
	2	.105	7.363	.00	.54	.11	.00	.15	.00
	3	.070	8.986	.00	.06	.12	.17	.76	.01

4	.062	9.566	.00	.06	.07	.11	.01	.83
5	.058	9.867	.00	.08	.42	.61	.04	.00
6	.017	18.360	.99	.25	.27	.10	.04	.15

a. Dependent Variable: RISK

Interpretations:

The test of Multicollinearity is run to check the Collinearity in the variables included in the study. The study if the value of Cronbach alpha is more than 10 then the variables should be dropped and less than 10 should be retained in the study. The alpha value of the variables in the study is less than 10, so the variables have no issue of Multicollinearity. This table shows that the independent variables are not related with each other and there is no issue of Collinearity in the model.

4.4 Discussion

The purpose of the study is to find out the risk-taking behavior of the brokers with respect to the demographic factors namely age, education and experience while making investment decisions. In this study three demographic factors/variables namely Age, Education and Experience of broker's and their risk-taking behavior has been used while making investment. Some items such as Market efficiency, Prospect theory, Regret aversion, Cognitive, Heuristics, Representative heuristics and Overconfidence of the brokers have been checked with respect to age, education and experience while making investment decision.

For each bias different question have been used and have been filled up by brokers in order to know how these biases effect the decision making of the brokers while making investments. For Market efficiency, Prospect theory and regret aversion two questions have been used for each bias while three questions have been used for cognitive bias. One

question has been included for each bias i-e Heuristics, Representative heuristics and overconfidence so total 12 questions cover these biases while other four questions cover age, education, experience and number of clients. The population of the study is 305 brokers registered in Pakistan Stock Exchange in which sample size of 170 brokers filled up questionnaires.

Number of population has been taken from the Security and Exchange commission website websites. Questionnaire was shared via Google doc with all 305 brokers and time to time reminders were given to them, so they could response soon. Survey methodology has been used in this study. Questionnaire used for primary data collection. Individual were unit of analysis. Each respondent (Broker) had been given a questionnaire to be filled up in which 170 questionnaire forms received back. The survey forms contained 16 questions related to age, education, and experience and risk behavior of the brokers while making investment. In questionnaire different possible options had been given in order to know the respondents attitude. Secondary data gathered from books, journals and websites for review of literature. Descriptive statistics and Regression Analysis used for the purpose of analysis. The study concluded that brokers risk taking behavior has a relationship with the demographic factors (age, education and experience) while making investment decisions so the brokers have not been completely rational individuals as assumed by the traditional theory of finance.

In the regression model, Risk Perception and Portfolio Management is used as a dependent variable while Age, Education, Experience, Income and Risk Tolerance are used as an independent variable. The P-value of Age is 0.033 which is less than 0.05 which shows that Age has a positive and significant association with Risk Perception and Portfolio Management. The P-value Education of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio

Management. In the same way, the P-value Experience of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio Management. However, the P-value of Income is 0.000 which is less than 0.05 which shows that Age has a positive and significant association with Risk Perception and Portfolio Management. However, the P-value Risk Tolerance of is more than 0.05. It suggests that the variable is insignificant, and it has no relationship with the Risk Perception and Portfolio Management. However, the coefficient of Risk Tolerance is - .037 and it has a negative effect on Risk Perception and Portfolio Management. It also reveals that 1% change in Risk Tolerance will decrease Risk Perception and Portfolio Management by 3.7%. The test of Multicollinearity is run to check the Collinearity in the variables included in the study. The study If the value of Cronbach alpha is more than 10 then the variables should be dropped and less than 10 should be retained in the study. The alpha value of the variables in the study is less than 10, so the variables have no issue of Multicollinearity. This table shows that the independent variables are not related with each other and there is no issue of Collinearity in the model.

CHAPTER 5

Conclusion and Recommendations

5.1 Conclusion

On the basis of the study an investor can choose that broker which suits him according to his risk-taking behavior. If an investor is risk taker then will surely go for a broker who takes risk i.e. risk taker but if an investor is risk averse, then will avoid such broker who takes risk and will go for the one who avoids risk. The investor will also keep all studied factors and biases in mind which can affect the broker's decision-making process while making investment. SEC arranges training programs time to time as a result brokers are less likely to depend on market rumor and thus make their own judgment by keeping all psychological biases in mind. Due to high tendency Individual broker with age, education and experience goes towards risk taking behavior.

The results suggest the impact of behavioral biases on the decision-making criteria of the investor. The impact of behavioral biases can be reduced by education, incorporating cognitive abilities in decision making, consultation with the experts, social interaction and discussion on future bright prospects. Furthermore, behavior can be modified by analyzing the standard of living risk of the individual broker and modifying his/her behavior accordingly. Decision making of the individual broker can also be modified by rationalizing the expected gains and losses in terms of figures to reflect the amount that investor can either gain or loss.

Social reality to low degree of openness: Degree of openness play very important role in decision making process. Broker who less open to the new information ignores the current reality and trend of the market and invest on the basis of past information and overconfidence. This results in the riskier portfolio with high proportion of low performing securities.

Future prospects to high degree of risk avoidance: According to the prospect theory investor become risk averse after earning the profits and develop less risky investment strategy. This leads to the lower risky portfolio and consequently lower but confirmed returns. It is recommended that after earning profits broker should not totally focus on risk averse behavior rather should take some risk and incorporate risky securities in the portfolio.

5.2 Recommendations

For better risk management and efficient portfolio management, brokers should be given advance level training in investment decision making. Traditional finance assumes that cognitive abilities of brokers, professionals, large investors, small investor and an ordinary investor are same, meaning that all can analyze the investment options, portfolio development, and revision of portfolio in the same way. This is the main flaw of traditional finance. The results of current study as well as behavioral finance suggest that cognitive abilities of all level of investors are different. Thus, for efficient and effective investment and management of portfolio proper investment training and risk management techniques must be learned by brokers and investors. This also suggests that decision making among investors also differs on the basis of cognitive abilities.

Brokers should rationally analyze the investment options rather than relying on the raise in market price of the investment based on the goodwill of company. Before investing broker should calculate the intrinsic value of investment and then should make decision

regarding the investment. To reduce the disposition effect broker should ask themselves whether the decision of holding has any solid quantitative grounding or broker is trying to hide its previous mistakes (cognitive dissonance). By doing so broker can revise the decision of holding the losing stock.

Brokers are overconfident regarding their own estimation and future movement of prices. Broker should not only relay on its own estimation but have to refer other experts and brokers for accurate predication and estimation. Broker easily fall in the trap of heuristics and take wrong decision by keeping in mind only past experience with investment. In order to overcome the heuristics broker should properly analyze the future prospects of even most familiar investment options.

5.3 Limitations

The current study uses qualitative technique and multiple regression method only while other advance techniques can also be used for the study. In this study data collection problem was faced and due to lesser time modeling could not be used for the study. This study is limited to only 170 brokers. This Study examines the factors which are affecting investment behavior of the brokers by using some factors only.

5.4 Future Research

From the study various areas have been identified where further research is needed. The areas of further research are jotted down below:

1. Quantitative aspect of the same phenomena needs to be studied.
2. Cross culture comparison should be studied.
3. Sample size of the study should be enhanced.
4. Modeling should be used for the study

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Annexure 1

DETERMINANTS OF RISK PERCEPTION AND PORTFOLIO MANAGEMENT OF BROKERS IN PAKISTAN

Questionnaire on Brokers' Demographics

Q1): What is your age?

- A) <25
- B) 25-35
- C) 35-45
- D) 45-55
- E) >55

Q2): How long have you been offering financial planning advice to clients?

- A) Less than one-year
- B) One to four years
- C) Five to 10 years
- D) More than 10 years

Q3): How many clients do you currently have?

- A) Less than 10 clients
- B) 10 to 39
- C) 40 to 79
- D) 80 +

Q4): What are your educational qualifications?

- A) Certificate
- B) Diploma
- C) Undergraduate degree
- D) Advanced degree
- E) Other

Q5): Do you think that you can make profit by purchasing the shares before the stock market index goes up and sell out the shares before stock market index goes down?

A) I think it is possible to earn profit by doing this.

B) I don't think it is possible to earn profit by doing this.

C) I have no idea about it.

Q6): If you attempt to evaluate and select individual stock, like you are forecasting whether the market price of HBL or Bank Alfalah shares will go up and at which time it will increase?

A) I think it is possible to earn profit by doing this.

B) I don't think it is possible to earn profit by doing this.

C) I have no idea about it.

Q7): Does your intuitions will influence you when you are making decision to purchase shares of a specific company?

A) Intuitions will have little influence.

B) Intuitions will have influence.

C) Intuitions will have large influence.

D) Intuitions will not have influence.

E) It based on the circumstances.

Q8): In uncertain stock exchange market conditions, if you have to sell out some of the shares, which shares will you prefer to sell?

A) The shares which earned a profit.

B) The shares which earned a loss.

Q9): By comparing the gratification of 50% appreciation in the price of the shares that you have purchased and the regret of 50% decrease in the price of the shares that you have purchased:

- A) The amount of gratification is higher than the amount of regret.
- B) The amount of regret is higher than the amount of gratification.

Q10): Which was the most influencing factor of your decision making to purchase shares which provided greatest? Profit to you recently?

By comparing the gratification of 50 %
 Appreciation in the price of the shares
 That you have purchased and the regret of
 50 % decrease in the price of the shares Advice of Advice of
 Analysis of recommendations your
 That you have purchased. a friend professional your own
 provided by media intuitions

- A) The amount of gratification is higher than the amount of regret.
- B) The amount of regret is higher than the amount of gratification.

Q 11): How much return on average you obtained from your investments in stock exchange market during the last year:

The Shares which earned a profit	The shares which earned a loss
How much return on average you obtained	at loss
From your investments in stock exchange	0-20
Market during the last year?	20-40

40-60

Above 60

Q 12): How much average return you are expecting from stock investments for coming year?

How much average return you are expecting from				
Your investments for the coming year? At loss	0-20%	20%-40%	40%-60%	
Above 60%				

- A) I am expecting a return of at least 10 %
- B) I am expecting a return of 10 % - 20 %
- C) I am expecting a return of 20 % - 30 %
- D) I am expecting a return of 30 % - 40 %
- E) I may not be able to have positive return

Q 13): The shares of well recognized organizations have lesser risk as compared to risk of the shares of the smaller firms:

- A) Agree strongly
- B) Agree
- C) Disagree
- D) Disagree strongly
- E) Have no judgment

Q14): Do you think that familiar stock will provide you more return as compared to stock which is unfamiliar to you?

- A) Yes, I think it is possible
- B) No, I don't think it is possible
- C) I have no idea

Q15): You have earned profit previously on the purchase of shares which a friend has recommended to you. Now the same friend asks you that the price of shares of a certain company A will increase. What will be your decision regarding the purchase of that stock?

- A) I will purchase these shares immediately.
- B) I will do some research and then purchase it.
- C) I will consider some other similar alternatives.
- D) I will not consider purchasing these shares.
- E) I will make decision based on existing market trend regarding these shares.

Q16): If your current stock holding is able to provide you positive return, what will be your decision about your stock holding?

- A) I will immediately sell the stock
- B) I will hold the stock for better return in the future
- C) I am unable to decide