

# Side-Pocketing in Mutual Funds: Analysing Awareness, Perception, and Decision-Making Among Retail Investors

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## ABSTRACT

The objective of this paper is to examine how side pocketing influences retail investors' decision making of investors in mutual funds. Side-pocketing being an emerging concept in mutual funds in India, there is a research gap in retail investors awareness and understanding of side-pocketing. This research analyses side-pocketing and its effect on investment strategies, fund selection, and confidence of investors in mutual funds. Bridging this knowledge gap is the primary aim of this research paper and to foster a more inclusive investment environment and enhancing the overall efficiency of side-pocketing as a liquidity management tool. To enable primary data collection, purposive sampling (non-probabilistic sampling) is instrumented to collect data (Primary data) through structured questionnaire due to inadequate secondary data. The study is carried out to address the influence of demographic factors such as age, education, and income on their awareness of side-pocketing. The study also examines whether investors perceive side-pocketing as a safeguard or as a sign of inadequate fund management, while also analysing how these perceptions vary among different demographic groups. The findings offer recommendations for mutual fund companies and policymakers to resolve investor concerns and improve awareness of side-pocketing. This research supports broader initiatives to strengthen trust and promote increased participation of investors in the mutual fund industry.

**Keywords:** side-pocketing, retail investors, mutual funds.

