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      INTRODUCTION

      REVIEW OF LITERATURE

      NEED/IMPORTANCE OF THE STUDY

      STATEMENT OF THE PROBLEM

      OBJECTIVES

      HYPOTHESES

      RESEARCH METHODOLOGY

      RESULTS & DISCUSSION

      FINDINGS

      RECOMMENDATIONS/SUGGESTIONS

      CONCLUSIONS

      SCOPE FOR FURTHER RESEARCH

      ACKNOWLEDGMENTS

      REFERENCES

      APPENDIX/ANNEXURE

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BOOKS

•   Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.

•   Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

•   Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

•   Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

•   Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

•   Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, KurukshetraUniversity, Kurukshetra.

ONLINE RESOURCES

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      Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

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A STUDY ON INVESTORS' CONSCIOUSNESS AND INVESTMENT HABITS TOWARD MUTUAL FUNDS: - AN EXPLORATORY STUDY OF MEHSANA DISTRICT

ATUL PATEL
ASST. PROFESSOR
SMT. S. B. PATEL INSTITUTE OF BUSINESS MANAGEMENT
VISNAGAR

H. D. PAWAR
ASST. PROFESSOR
SMT. S. B. PATEL INSTITUTE OF BUSINESS MANAGEMENT
VISNAGAR

JAYSHRI DATTA
ASST. PROFESSOR
SMT. S. B. PATEL INSTITUTE OF BUSINESS MANAGEMENT
VISNAGAR

ABSTRACT

Mutual fund industry has spectators' considerable growth during the past couple of the years which is due to significantly acceleratory growth of income of the household and the recent growing situation of the market. Day by day, many mutual fund operators are coming up into the market with the different features and extra bundle of benefits to attract the investors towards them., thus by looking this thought cut competition among the mutual fund operators, it is necessary to make right inference about the investors' consciousness and their investment habits towards mutual fund. To commence the research study about the investor's consciousness and their investment habit towards different mutual funds existed in the Indian Mutual fund industry; researchers have collected views of 299 respondents with the help of simple random sampling method. Collected primary data were analyzed by SPSS 16 by employing various statistical tools like Graphs, t- test, χ^2- test and Factor analysis. It is found that less percent of the respondents choose Mutual fund as their most preferable investment option and accumulate the information through their reference group, invest for short span of time, expect high return, prefer open ended scheme for their investment. Moreover, it is also revealed that most preferable investment options for the investors is only associated with the Age and Income group of the investors. By factoring method, set of 25 variables were classified into 8 factors like, Sponsor, Product, Services, Scheme Related Qualities, Disclosure of Fact of Scheme, Disclosure of Method, Expenses & Performance, and Reputation & Brand of Fund.

KEYWORDS
AUM, Habit, Investors, Mutual fund

INTRODUCTION

Mutual fund industry has spectators' considerable growth during the past couple of the years which is due to significantly acceleratory growth of the rising income of the household and the recent growing situation of the market. Nowadays, almost maximum number of institutions and individuals make their investment in the mutual fund with the objective of getting maximum gain. Investors pay more attention on mutual fund as an instrument for investment securities than compared to the other financial instrument like the shares, debentures and other securities. Mutual fund industry offer varied types of mutual fund product which suit the investors' objectives and through it they are strengthen investor faith and confidence in the health of the industry. Mutual Funds offer a relatively less expensive way to invest than compared to other avenues such as capital market operations. It has also offer different mutual fund schemes so that investors can invest in it according to their availability of fund and time. Moreover, there are plenty of mutual fund firms in India catering to the need of the investors and the numbers of such firms are growing steadily year by year. Even the investors, who could not enter stock markets with low investible funds, can benefit from a portfolio comprising of high-priced stocks because they are purchased from pooled funds. The investments in mutual funds are not without risks because the same forces such as regulatory frameworks, government policies, interest rate structures, performance of companies etc. that clatter the equity and debt markets.

MUTUAL FUND INDUSTRY UPDATES

Indian Mutual Fund industry saw a fall in assets under management (AUM) of 3.54% in Rupees it is Rs. 5, 92,250 crore in 2011 on year 2010, This was due to redemptions by large corporate houses and banks from especially short term funds post the SEBI regulation that securities with a residual maturity of over 91 days should be marked-to-market on a daily basis effective 1 August 2010. In addition, the Indian Mutual Fund industry also saw huge redemption pressure on equity schemes on account of profit booking and mutual funds were net sellers of equity to the tune of Rs. 28,132 crore.

Day by day many mutual fund operators are coming up into the market with different features and extra bundle of benefits to attract the investors towards them., thus by looking this through cut competition among the mutual fund operators, it is necessary to make inference about the investors' consciousness and their investment habits because as we know that the human behavior is not consistent but it's varied from time to time.

LITERATURE REVIEW

Agapova (2011) has examined the cross-sectional differences among money market mutual funds (MMMFs) in the context of sponsoring fund families. He has found that flows to family NON-MMMFs are negatively related to family MMMF flows, and family NON-MMMF cash flow volatility is positively related to family MMMF cash flow volatility. The study has further recommended that fund family investors also use family MMMFs as cash centers by utilizing free asset transfers within the family.

Badrinath, S.G & Gubellini, S (2011) have evaluated the return performance of long-short, market-neutral and bear mutual funds using multi-factor models and a conditional CAPM and revealed that Market-neutral funds provide a down market hedge, but bear funds do not generate the returns that investors hope for.

Cao, Ghysels & Hatheway (2011) have investigated two types of funds that make more extensive use of derivatives, global funds and specialized domestic equity fund and found that risk and return characteristics of these two groups of funds are significantly different from funds employing derivatives sparingly or not at all and that Fund managers time their use of derivatives in response to past returns.

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Chen, Kraft & Weiss (2011) have tested mutual funds that engage in tax planning and how do they respond to changes in the capital gains tax rates was investigated. It was found that there was consistency with tax planning by managers of both open-end and closed-end mutual fund and mutual fund managers may not tax plan like individuals because fund managers have incentives to consider the tax liability of both current and potential investors.

Agarwal, Boyson, Naik & Narayan Y (2009) have examined the performance of these funds relative to hedge funds and traditional mutual funds and found that despite using similar trading strategies, hedged mutual funds underperform hedge funds.

Bazo, Javier & Pablo (2009) have examined the market for equity mutual funds and found that Funds with worse before-fee performance charge higher fees and that better fund governance may bring fees more in line with performance.

OBJECTIVE OF THE STUDY

Objective of this study is to understand and analyze the consciousness and investment habits of investors toward different mutual funds existed in the Indian Mutual fund industry.

RESEARCH METHODOLOGY

To commence the research study about the investor's consciousness and their investment habits towards different mutual funds existed in the Indian Mutual fund industry, researchers have opted exploratory research design. In this study, to collect the reliable opinion regarding their consciousness and investment habits about the mutual fund, researchers have drawn the opinion of 299 investors with the help of simple random sampling method from the different region of Mehsana District. The collections of opinions were recorded in the well structured and tested questionnaire with the help of trained personnel. In the questionnaire different types of closed- ended questions were used to capture the relevant information from the investors. The secondary data were collected from the record, review, reference books and internet.

Analysis of the collected primary data was done with the help of a statistical software SPSS.16 where different statistical tools like, Graphs, t- test, Chi- square and Factor Analysis were used.

HYPOTHISIS

Ho1: All fund selection factors are important for the Mutual fund investors to take the decision regarding the selection of Mutual fund and the relevant mutual fund schemes.

H02: Most preferable investment option is depends upon the Demographics Factors (like, Gender, Age group, education qualification, Occupation, Income group and annual saving) of the investors.

STATISTICAL ANALYSIS

Statistical analysis indicates that 52.17% of the investors' choose Mutual fund as their alternative for investment options. Thus, the proportion of investment in mutual fund is quite very low than compared to the other source of investment. Hence, there is great opportunity to grow the market share for the mutual fund operators and they can increase their profit as well.
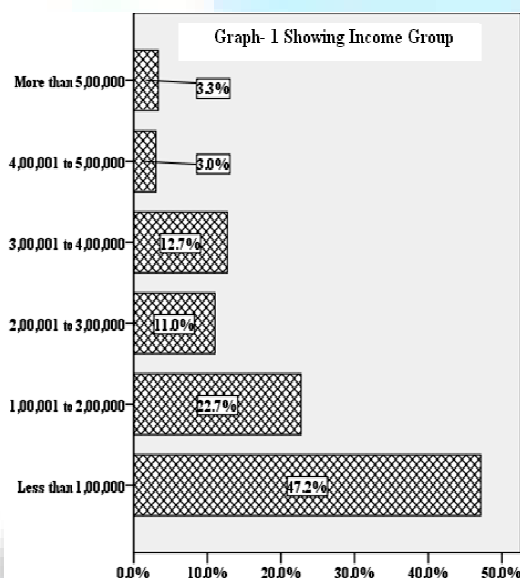
Graph-1 indicates that 47.2% of the respondents' annual income of their family is less than Rs.1, 00,000. & 22.7% people income is Rs.1 lakhs to 2 lakhs. Moreover, it is also specified that only 6.35% (3.34 +3.01) of the respondent's annual income of their family is found to be more than Rs.5, 00,000. Thus, it's revealed still maximum number of the people from this district are still living under the poverty line.

Analysis also depicts that 65.9% of the respondents annual saving is less than Rs.50, 000 and 20.7% of the respondents save Rs.50, 000 to 1 lakhs annually. Thus, we can say that maximum number of the respondents annual saving is very low because of their lower income.

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Graph-2 Showing Investment Alternative
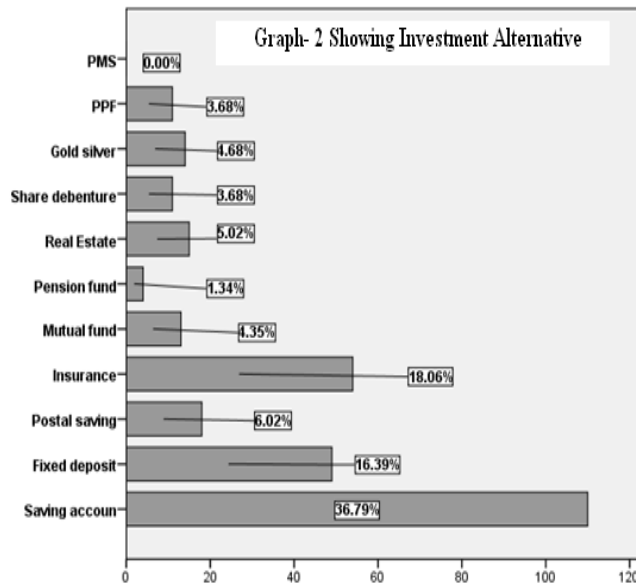
Graph-2 shows the classification of the investors according to their preference about the investment alternatives. Here, it is pointed out that 36.79%, 18.06% and 16.39% of the investors saving option is Saving Accounts, Insurance and Fixed Deposit respectively. Most of the respondents give the equal weightage as their saving option like PPF, Gold & Silver, Share Debenture, Real Estate, Mutual fund Postal saving etc. Thus, it shows that very less percentage of the respondents select Mutual fund as their most preferable saving option.

TABLE-1 REFERRING TIME LIMIT OF THE INVESTMENT			
Time	Up to 3 yrs	3 – 5 yrs	>5 yrs.
%	43.1%	33.8%	23

Table-1 depicts that 43.1% and 33.8% of the respondents' time limit for their investment is up to 3 years and 3 – 5 years respectively. Only few investors invest their money for long period of time. Moreover, the trend of time limit of investment is found to be downward as the number of years is going high. Thus, investors annual income may be very fluctuate and that is why they may prefer short time limit for their investment.

TABLE: 2 EXPECTED RETURN			
Return	8 to 12%	12 to 16%	16 to 20%	> 20%
%	42.5	37.1	12.7	7.7%

Table: 2 shows that the 42.5% of the investors expected 8 to 12% return on their investment, 37.1% of the investors expected 12 to 16 % return. This analysis explored that more than 75% of the investors expected return less than 16% on their investment.

PREFERABLE SECURITIES FOR INVESTMENT

TABLE 3: SHOWING THE INVESTORS' OPINION ABOUT SECURITIES FOR INVESTMENT					
Preferable securities for investment	Highly Favorable (%)	Favorable (%)	Somewhat Favorable (%)	Not Favorable (%)	Highly Not Favorable (%)
Share	34.8	26.8	19.4	10.4	8.7
Debenture	5.4	26.8	39.1	19.7	9.0
Mutual Fund	12.4	31.4	31.8	16.7	7.7
Derivatives	4.7	12.0	32.1	38.1	13.0

Above table - 3 reflect the light on the attitude of investors towards the preferable securities for investment. It depicted that 61.6% of the investors have opined that the Share is high preferable security for them which one was followed by the Mutual Fund security investment option where only 43.8% of the investors have shown positive attitude. Maximum investors have shown negative attitude towards the derivatives options for investment. Hence, the analysis revealed that most preferable investment option or highly favorable investment security by the investors is Share.

Moreover, analysis depicts that 43.2% of the male investors and 46% of the female investors have shown positive attitude towards the preferable investment security "mutual fund". Moreover, male investors have opined investment in the mutual fund is high favorable than other investment options.

SCHEME PREFERENCE FOR INVESTMENT IN MUTUAL FUND

Graph -3 showing scheme prefer for investment in MF

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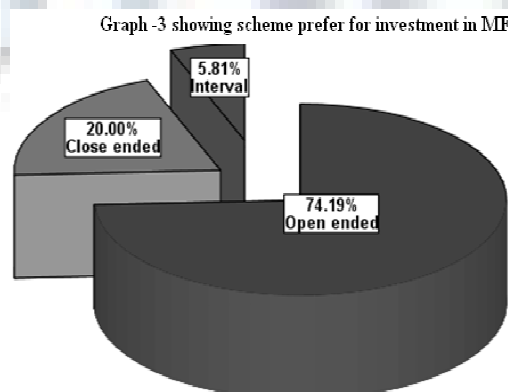
Graph-3 shows the scheme prefer for investment in the Mutual fund. It shows that 74.19% of the investors chosen open ended scheme of mutual fund, 20% chosen close ended scheme of mutual fund and only 5.81% of the investors chosen interval scheme of mutual fund in the selection of their scheme. This analysis indicates that maximum number of the mutual fund investors selects open ended scheme of mutual fund as scheme prefer for investment in the mutual fund.

MEDIA OF COLLECTING INFORMATION ABOUT MUTUAL FUND
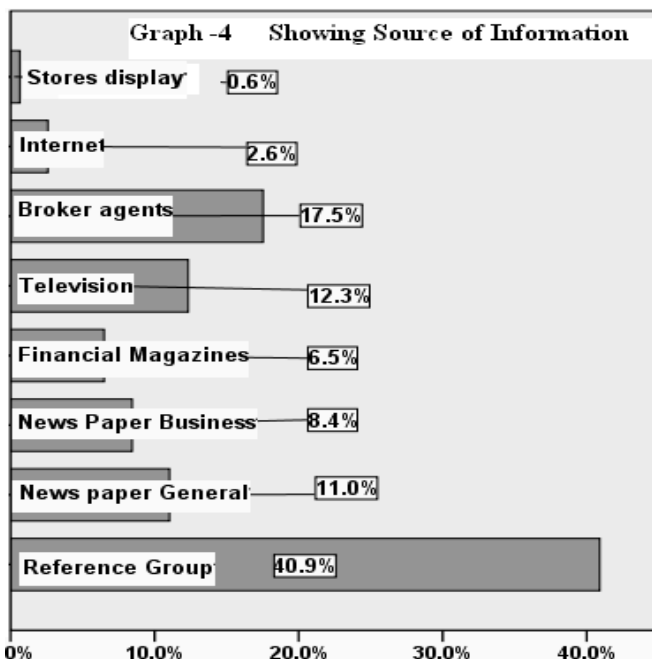
Graph-4 indicates that how's the investors come to know about the mutual fund. Here, Chart indicates that 40.9% of the investors collect the information about the mutual fund by their reference group, this reference group may consist their colleagues, relatives etc. and second source of information is found to be Broker Agents by covering 17.5% of the respondents. Hence, we can say that to increase sell of mutual fund, a mutual fund operator should focus on the various group of people and they must create awareness regarding the mutual fund through their agents. Here, television and news paper is found to be medium mode to collect the information about the mutual fund.
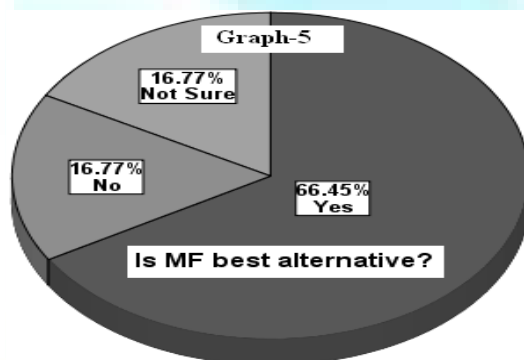
Graph-5 shows the investors opinion regarding the mutual fund alternative. It shows that 66.45% of the investors responded that the mutual fund is the best option to invest their money. It is also found that equal percentage of the investors are not sure and they are not in favor that the Mutual fund is the best alternative for investment. As it shows that 16.77% of the investors are not sure about the best source for investment is a mutual fund. It might be lack of information about the mutual fund. Hence, mutual fund operator should create awareness programme about their fund that how it is work and where their fund is invested by them to collect the maximum output or gain.

REASONS FOR NOT INVESTING IN MUTUAL FUND:

Analysis also indicates that the 41.52% of the investors don't invest in the mutual fund because of its completely related with the market fluctuation and equal proportion of the investors that is 23% of the investors don't invest in mutual fund because of insufficient knowledge and the rate of return is not guaranteed and 12.50% of the investors don't invest in mutual fund because they have capabilities of handling their fund.

TESTING OF HYPOTHESIS

**Ho: All fund selection factors are important for the Mutual fund investors to take the decision regarding the selection of Mutual fund and the relevant mutual fund schemes.**

Here, two tailed test significant value for all the selected factors is found to be 0.000. It indicates that all the selected factors are not important for investors to take their decision regarding the selection of the fund and their most effective scheme. Means few factors might be more important and few factors might be less important for the investors.

Below table-4 indicates that the upper and lower limit in the confidence interval for all the tested factors is found to be negative which shows that the mean value for all factors is less than test value that (i.e.) 3. Means, all the tested factors are not important but they might be more important for the investors. They considered these all factors while making decisions regarding the selection of the mutual fund and the different schemes available. Among these all the factors, factors like, Fund performance record, Fund reputation and brand name, Scheme's expense ratio, Disclosure of the method and the periodicity of the scheme, Disclosure of NAV on every trading day, Disclosure of deviation of investment from original pattern are more important for the investors.

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TABLE- 4						
One-Sample t - Test	Test Value = 3 (Neutral)					
					95% C.I.	
	t	d.f	Sig.	M. D.	Lower	Upper
Fund performance record	-32.5	150	.000	-1.616	-1.71	-1.52
Fund reputation and brand name	-17.2	150	.000	-1.020	-1.14	-.90
Scheme's expense ratio	-12.2	150	.000	-1.000	-1.16	-.84
Scheme's portfolio of investment	-9.0	150	.000	-.775	-.94	-.61
Reputation of fund manager/scheme	-6.5	150	.000	-.570	-.74	-.40
withdrawal facilities	-8.1	150	.000	-.649	-.81	-.49
Favorable rating by rating agency	-5.7	150	.000	-.503	-.68	-.33
Innovativeness of the scheme	-5.2	150	.000	-.430	-.59	-.27
Product with tax benefits	-6.6	150	.000	-.576	-.75	-.40
Entry and exit load	-5.9	150	.000	-.503	-.67	-.34
Minimum initial investment	-7.5	150	.000	-.642	-.81	-.47
Reputation of sponsoring firm	-7.7	150	.000	-.662	-.83	-.49
Recognize brand name of sponsor	-8.0	150	.000	-.609	-.76	-.46
Well developed agency network of sponsor	-8.0	150	.000	-.629	-.78	-.47
Sponsor expertise in managing fund	-8.3	150	.000	-.656	-.81	-.50
Well developed research and infrastructure	-7.3	150	.000	-.570	-.72	-.42
Past performance in terms of risk and return	-8.4	150	.000	-.656	-.81	-.50
Disclosure of investment objective in the advertisement	-6.8	150	.000	-.530	-.68	-.38
Disclosure of periodicity of valuation in the advertisement	-5.0	150	.000	-.450	-.63	-.27
Disclosure of the method and the periodicity of the scheme	-13.0	150	.000	-.967	-1.11	-.82
Disclosure of NAV on every trading day	-10.3	150	.000	-.735	-.87	-.60
Disclosure of deviation of investment from original pattern	-10.0	150	.000	-.781	-.93	-.63
MF's investor grievances structure	-5.0	150	.000	-.430	-.60	-.26
Fringe benefits	-7.8	150	.000	-.603	-.75	-.45
preferred mutual fund to avoid problem	-7.0	150	.000	-.570	-.73	-.41

H02: Most preferable investment option is depends upon the Gender, Age group education qualification, Occupation, Income group and annual saving of the investors.

TABLE 5: CHI-SQUARE TESTS			
	Chi-Square Value	d.f	Asymp. Sig. (2-sided)
Gender	10.696[a]	9	.297
Age group	59.877[a]	36	.007
Education Qualification	56.25	36	.017
Occupation	54.723	54	.447
Income Group	70.323	45	.009
Annual Saving	31.531	27	.250

Above table shows the asymptotic significant two tailed test value. The sig. values for Gender, Occupation, Annual saving and education qualification is quite high, which indicates that the most preferable investment options is not associated with Gender, Occupation, Annual saving and Education Qualification but it is only associated with the Age group and Income group of the investors.

FACTOR ANALYSIS
RELIABILITY ANALYSIS

TABLE- 6: RELIABILITY STATISTICS	
Cronbach's Alpha	N of Items
.874	25

Here, reliability analysis of the set of 25 questions was done to check the internal consistency about the investor's opinion towards the set of 25 variables.
In table -6 Cronbach's Alpha reliability test value for the set of 25 items was found to be 0.874. It shows that there is consistency in the opinion of the investors about the set of these all the 25 questions. That is the set of these all the 25 items are reliable for their further analysis.
Here, to reduce the number of variables in to small group, a factor analysis was employed.

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TABLE -7 KMO AND BARTLETT'S TEST[A]		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.763
Bartlett's Test of Sphericity	Appr. Chi -Square	1363.02
	df	300
	Sig.	.000

Moreover, in table -7 Kaiser-Meyer-Olkin measure of sampling adequacy was 0.763 stating the applicability of factor analysis. Bartlett's test of Sphericity indicates that the correlation matrix of the selected variables is not identity matrix.

Before undertaking the factor analysis, variables having less (0.5) communalities were removed from the list. When analyzing a covariance matrix, the initial Eigen values were the same across the raw and rescaled solution and Principal Component Analysis method was employed for the Extraction of the variables. Interpretability of the factors was improved through rotating the factors and rotation maximizes the loading of each factor, so Varimax rotation method was employed in this analysis. Here these all 25 factors have been extracted in the 8 components which are mentioned below.

Table-8 Factor Analysis			
1. Sponsor Related Qualities		**4. Scheme Related Qualities**	
• Sponsor expertise in managing fund	.771	• Reputation of fund manager/scheme	.770
• Past performance in terms of risk and return	.740	• Scheme's portfolio of investment	.695
• Recognize brand name of sponsor	.713	• Withdrawal facilities	.685
• Reputation of sponsoring firm	.652	**5. Disclosure of Fact of Scheme**	
• Well developed research and infrastructure	.612	• Disclosure of investment objective in the advertisement	.690
• Well developed agency network of sponsor	.593	• Disclosures of periodicity of valuation in the advertisement	.642
2. Product Related Qualities		• Minimum initial investment	.600
• Innovativeness of the scheme	.735	**6. Disclosure of Method**	
• Product with tax benefits	.718	• Disclosures of the method and the periodicity of the scheme	.877
• Entry and exit load	.639	**7. Expenses and Performance**	
• Favorable rating by rating agency	.548	• Scheme's expense ratio	.772
3. Services		• Fund performance record	.623
• Preferred mutual fund to avoid problem	.786	**8. Reputation and Brand of Fund**	
• Fringe benefits	.750	• Fund reputation and brand name	.761
• MF's investor grievances structure	.544		

By using factory analysis, all 25 factors were classified in the 8 major factors like, Sponsor, Product, Services, Scheme Related Qualities, Disclosure of Fact of Scheme, Disclosure of Method, Expenses & Performance, and Reputation & Brand of Fund.

MODAL SHOWING LEAST PREFERABLE TO MOST PREFERABLE SECURITIES FOR INVESTMENT

Below model indicates that the most preferable security for investment for the investors is Share and Mutual Fund have taken second position as preferable alternatives for the investment and very least preferable investment security is found to be Derivative among the investors. Through this model a person can easily understand the preference pattern of the investors about their different security avenues. It shows that only few people are interested or they prefer Derivatives as their preferable investment options.
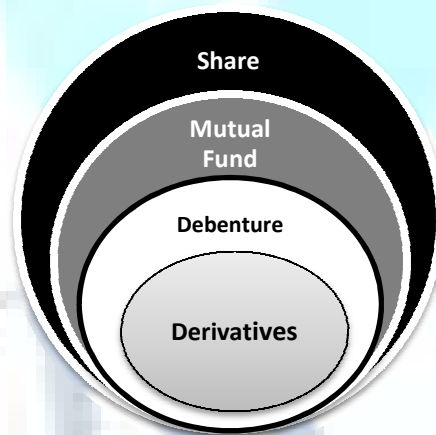
FINDINGS

- Maximum number of respondents annual saving is very low because of their lower income. Moreover, it shows that very less percentage of the respondents select Mutual fund as their most preferable saving option and collects the information about it through their reference groups.
- Investors' invest their money for less than five years and expect high return from their investment and prefer open ended scheme for their investment.
- The analysis revealed that most preferable investment option or highly favorable investment security by the investors is Share and Mutual fund has taken second position as an investment option.
- The proportion of investment in mutual fund is quite very low than the other source of investment the reason for that is associated with the market fluctuation.
- Most preferable investment options for the investors is only associated with the Age and Income group of the investors.
- It indicates that all the selected factors are important for investors to take decision regarding the selection of the fund and their most effective scheme, These all the factors are classified in to 8 major factors like, Sponsor, Product, Services, Scheme Related Qualities, Disclosure of Fact of Scheme, Disclosure of Method, Expenses & Performance, Reputation & Brand of Fund.

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CONCLUSION

The emergence of an array of savings and investment options and the dramatic increase in the market for financial assets in the recent years in India has opened up an entirely new area of earning. An average Indian investor is a learner when it comes to financial markets, the causes may be many: the lack of opportunity, lack of conceptual understanding and the influence of a fixed-income orientation in the Indian culture. Salaried person's savings are most often deposited in mutual funds; the theory behind this is that by pooling together a huge aggregation of individual savings. Moreover, it is found that the investment of the investors significantly depends upon investor's age group and their income and most of them are attracted through the reference group and they prefer open ended scheme for the investment.

Thus, the market potential can be tapped by scrutinizing investor behavior to identify their expectations, risk preference, return and time limit of investment. Presently, more and more funds are entering the industry and their survival depends on strategic marketing choices of mutual fund companies, to survive and thrive in this highly promising industry, in the face of such cutthroat competition. In addition, the availability of more savings instruments with varied risk-return combination would make the investors more alert and choosy.

MF requires complete understanding of the peculiarities of the Indian Stock Market and also the psyche of the small investor. Under such a situation, the present exploratory study is an attempt to understand the behavior of MF investors in connection with scheme preference and selection.

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