

Investment Portfolio and Performance: Evidence from Listed Finance Companies in Sri Lanka

Dulanjalee, B. A. M.¹ and Abeywardhana, D. K. Y.²

Portfolio management has become a critical driver of investment performance for an equity fund. This study investigates the relationship between investment portfolio and performance of finance companies in Sri Lanka. This study, therefore, sought to fill this research gap by answering one research problem: Whether there is a relationship between investment portfolio and performance of listed finance companies in Sri Lanka. This study used panel data from 2015 to 2019. The independent variable is investment portfolio and measure using the investment in stock, investment in real estate, investment in bank deposit, and investment in government security as a percentage of total assets. The dependent variable is performance and measure using Return on Assets (ROA). The debt to equity ratio is used as a control variable. Regression analysis is used for investigating the relationship between investment portfolio and performance of listed finance companies in Sri Lanka.

Results revealed that investment in stock and investment in real estate has a significant negative relationship with the return on assets while investment in bank deposits and investment in government security has a significant positive relationship with the performance of the listed finance companies in Sri Lanka. It recommends to the management of finance companies to properly manage their stock and real estate investment. The finding of this research will help Sri Lankan listed finance companies to understand the relationship between investment portfolio and performance of the company. Future research can study the relationship between investment portfolio and performance of companies in other sectors.

Keywords: *Finance Companies, Investment Portfolio, Performance*

¹ Department of Accountancy, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [maneeshabulathsinhala96@gmail.com]

² Department of Accountancy, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [dilyapa@kln.ac.lk]