

The Impact of Company Performance, Earnings Quality and Macroeconomic Variables on Foreign Portfolio Investment: Evidence from Sri Lanka.

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The development flows signs renewed foreign interest in the stock market during mid-2017 recording an all-time high in foreign purchases. With the realization of investment opportunities and potential in capital markets in Sri Lanka, foreign investors actively participated in trading in CSE making volatility in Foreign Portfolio Investment (FPI), which lead the researcher to investigate the determinants of FPI under company performance (ROA, ROE and OPM), market specific factors (MC, MI and BETA), earnings quality (EQ) measured by total accruals (TA) and macro-economic variables (IR and GDP) using evidence from Sri Lanka. Using the three dependent variables of TNFP, TFP, and TFS the researcher analyzed quarterly data for the period from 2011 to 2016 under panel data regression model and arrived at the conclusion that, ROE, MC, MI, BETA, GDP Growth and IR has a significant relationship with foreign portfolio investment where the results suggested that earnings quality does not have any impact on foreign portfolio investment.

Keywords: *Colombo Stock Exchange, Earnings Quality, Foreign Portfolio Investment, Macro Economic variables*

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