

Analyzing the effect of rating of liquidity, profitability ratios and dividend on performance of accepted investment companies in Tehran stock exchange

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Abstract

Investment companies as one of the financial brokers have put into action the forming of the various and vast portfolio through selling their stocks. Their advantages include reduced investment risk due to a variety of stock basket and flexibility in decision-making due to possessing massive cash. These companies should consider elements, such as the power of liquidity, profitability ratios and dividend of the companies. The aim of this paper is analyzing the influence of those mentioned elements on the performance of the investor companies according to two indices of Sharp and Trainer. In achieving this goal, the factors such as risk, portfolio feedback, beta, liquidity rate, profitability ratios, dividend and the amount of Sharp and Trainer indices, were computed for companies' portfolio and by using T-test and comparing the mean of two populations and regression, the hypothesis was being studied. The results of the study indicate that the liquidity rating was influenced on investment companies on the basis of Sharp, but profitability ratios and dividend have no influence on the performance of the companies. By reviewing the leaner connection between the efficiency portfolio of investment companies by the liquidity rating and profitability and dividend, the results were similar.

Keywords: Portfolio efficiency, liquidity rating, profitability ratios, dividend, performance assessment

Introduction

The evaluation of the effective performance of investment companies, not only is an important subject for researchers, but for financial managers and investors as well, which consider the buying the stocks of these companies in order to reduce the risk of invest-

ment. Nowadays, the performance of any organization should be measured as an origin, so choosing the order of effective performance and efficiency is essential. The goal of assessing the performance is reform, improvement and also promote the performance. Nowadays by considering the growth and increasing importance of organizations in society, the assessment of organizations performance and managers are considerably under the vision, and the indices of variability are the value of evaluating the performance of managers in organizations is under way. Productivity, efficiency and effectiveness are samples of these assessment values. The assessment of performance is not limited to the measurement of the individuals, but every system or organization could be evaluated on the basis of its objects and evaluating its success in achieving the goals.

The financial brokers are only a channel to guide family saving towards investment functions. One of the main reasons of the positive influence of financial development on economic growth is the effect of financial development on improving efficiency of investment, in turn its effects on the amount and volume of investment. On one hand, the financial tools are playing key roles in dedication the investment in the best and most efficient of possible situations. (Nazifi, 2004). Amongst the active financial institute in the investment market, the investment companies are playing the most effective role. Nowadays, this industry has been strongly professional, and there is considerable competition between active companies in this industry. By taking financial institution into account, especially investment companies in absorbing and supply the needed financial resources for enterprises and their influence in increasing economic growth and development of the nations, it can be said that the assessment of the effective performance of investment companies is an indicator of success or not-successful guiding of

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these companies towards dedicating the effective resources. So, this study is conducted in regard to reviewing and analyzing the influences of elements such as liquidity rating, profitability ratios and dividend on the effective performance of investment companies.

Review of related literature

The Context and the Nature of Investment

The word of "investment" can include the broad area of operations: this word can include the investment in deposit certificate, debentures, common stock or common investment fund. Investment is changing financial liquidity into one or many assets which is kept for a while in present time. Investment includes two important features of "analyzing" and "management" of investment. (Charls P. Jones, 2005, p. 10-11).

Investment is the changing in the volume of existing investment in an enterprise usually during a year (Mahmoudzadeh, 2004, p. 8).

Investment in the stock exchange is meant the buying the stocks, which is usually done by two view of the point and goal. The utility of the process of stock price is meant that we buy a stock with a certain price and sell it by greater price and/or investment in order to enjoy of yearly stock benefit that include the growth of the price in the period of selling. (Mehranfar, 2006, p. 90). Consequently, development of investment cause the absorbing the massive investments and directing them into productive parts.

The Necessary Points in Possible Investment

- 1- Supplying the financial resources
- 2- Listing the possible investments
- 3- Gathering the information related to every kind of investment
- 4- Evaluating the information
- 5- Achieving to a certain decide and investing

A rational and scientific decision making should be done to achieve a proper investment. The important factors which the assessment of all investment is relying on it, are as follows:

- A) The net amount of investment
- B) The expected efficiency of investment
- C) The lowest accepted efficiency rate
- D) Risking (Izadi, 2004, p. 45)

So, we can conclude that the investment is the important factor of planning in order to achieving the objects of the development. The strategic thinking in collecting guideline, macro-economics and social and cultural programs in today's challenging environment, have fixed the necessity and importance of

investment and more specific, establishing the investment companies, is of the important factors of influencing on achieving the development objects.

Portfolio Performance Evaluation

The evaluating of portfolio performance of investment companies has been donned by the investors themselves, but it is not escaping from by these companies too. This is as a feedback and observing their operation and also is a way of comparing them from competitors. So many investigators presented models and tools for evaluating the portfolio performance during the 1960s.

In the modern theory of portfolio, one of the exist methods for evaluating the portfolio performance, by this pre-supposition that the efficiency of the stock is normal, is using the Sharp indicator. In this indicator, the additional portfolio (the difference in the mean portfolio efficiency and the rate of the efficiency without risk) efficiency is being evaluated for every unit of portfolio risk. Of course, other indicators are formed on the basis of this theory, amongst them we can point out the Trainer, Jensen, M2, and the ratio of evaluation.

Risk

The risk usually is a synonym of danger. Risk or danger is the amount of uncertainty to the gained results in the future that comes with a percent. The more the deviation, the greater the risk. (Williams & Richard, 2006, pp. 23-24).

The relation of the amount of risk with the ability of predicting the circumstance which are certain will happen is reversed. In the case of being zero of the risk, the future can be predictable, and in the case of reducing the risk, the future can be more controllable.

Now we can present the comprehensive definition of risk in this way: Risk is the changeable area of efficiency during a certain time-period which can bring the amount of our expectations into the challenge. (Shohadaei, 2005, p. 26). For instance, bank deposits and guaranteed participation bonds by the yearly benefit of 16%, have zero risk. The price of stock in the stock market, as it is influenced by different values of psychology, political and management, etc. is in tolerance, the risk of the operation is not zero and according to the selected type of stroke by the investor, the risk may have high and the low percentage.

So, we can say that the risk and efficiency in investing and financial supplying are always coming together, because the decisions related to the investment are taken in accordance with the relation between risk and efficiency.

Risk Resources

The risk of financial assets is the functions of different factors as follows:

The risk of tolerance of the interest rate: the risk which is accepted by the investor during buying the debentures with the fixed interest.

Market Risk: the change in the efficiency is the result of the whole tolerances of the market, such as the recession, war, structural changes in economic.

The risk of inflation: it is the risk of power of buying or reduction the power of buying the invested liquidity.

Trade Risk: it is the result of trading and business

Financial Risk: it is the result of using the debt in the company.

Cash Risk: any kind of investment which has more cash, it will have low risk.

The Risk of Exchange Rate: the international investors are faced with the risk of rate of exchange in returning the benefit of global trading into their exchange.

Nation Risk: it's the same as political risk which depends on the political and economic stability of the country.

The kinds of Risks

The analysts of investment, divided the recourses of risks into two categories: one category of risks that are exist naturally, such as market risks or the risk of the tolerances of interest rate and the other one, are risks which are exist because of some special exchanges, such as financial and trading risks. One logical way to divide the total risk into its components is distinguishing between the total components (market) and the specific ones (specific exchanges). These two risks which are called by modern analysts as systematic and unsystematic risks could be shown as follows.

Unsystematic risks + systematic risks = the total risks

Unsystematic risks: it refers to that part of changeability in total efficiency of stock exchanges which are not related to the total changeability of the market. This kind of risk is related to the specific stock exchanges and is depending on factors such as trading, financial and liquidity risks. Although all of the stock exchanges have enjoyed of unsystematic risks to some extent, but the ordinary stocks further related to it. This kind of risk could be reduced by making portfolio.

Systematic risks: the investors can reduce part of total risks which has not to do with market by making portfolio. The part of the remained risk cannot be reduced and has to do with the market. These changes have occurred without considering the treatment of an especial investor and are crucial for all investors. The changeability in stock

exchanged total efficiency, is directly related to the market changes or economic, that is called systematic risks or market risks. Usually, all of the stock exchanged, have enjoyed one systematic risk to some extent (both stock exchanges and shares), since the systematic risks include the risks of inflation, market and interest rate.

Investment Companies

The investment companies are financial institutes which gathering so many cash of numerous investors through selling the stocks. Investment of cash which are gathered from small and big saving, let the savers participate in a great portfolio by little investment. Involving in risk is done through the management of the portfolio and by expert analysts and portfolio managers and often cause the diffusion of risk through buying the stocks of investment companies is more convenient than the early stock exchanges. The investment companies' stock exchanges usually have the more cash capability than the other companies.

The history of establishing and operation of investment companies went back to 1961s.

Basically, the evaluation of these companies is more important for two groups of companies. The first group is the potential investors who are looking for a suitable place for investment with more efficiency and less risk, and the second group is those who are investing in one or more funds and eager to know if they do the right or not?

The Background of Investigation

The inducted investigations in the field of the performance of investment companies in Tehran stock exchanges

1- An investigation about the portfolio risk management of all of active companies in the finance brokering industry in Tehran stock exchanges have been done during 1999-2001 by Farhad Haibati- Tehran University, in which to recognizing the risk management of investment companies, the variables of efficiency, total risk, systematic risk, unsystematic risk and beta coefficient are applied and the results are as follows:

A) The portfolio risk of investment companies is smaller than the risk of market shares.

B) The portfolio risk of investment companies is greater than the risk of the market portfolio.

C) The beta-coefficient of investment companies is lesser than the market portfolio.

D) The unsystematic risk of the portfolio of investment companies is not zero.

E) The beta-coefficient of the market portfolio is not equal to one.

F) The beta – coefficient of the portfolio of investment companies is not equal to one. (The message of investment, 2002, no. 8)

2- An investigation has been made about the quality of benefit and the performance of investment companies by Akram Farzinfar- 2002, the results of this investigation are as follows:

A) There is no meaningful leaner connection between beta-coefficient and the efficiency of the portfolio of investment companies.

B) There is no meaningful leaner connection between risk and the rate of efficiency in investment companies.

C) There is a meaningful statistical connection between risk and the rate of efficiency in investment companies.

D) The results indicate the increased yearly efficiency of the market portfolio than the portfolio of investment companies.

E) There is a meaningful statistical connection between Sharp and Trainer indices rates of the portfolio of investment companies.

3- The investigation has been conducted about the performance of active investment companies in Tehran exchange according to the Sharp and Trainer indices (Safari, Mohsen, 2002, Tehran University thesis). Its results are as follows:

A) There is no meaningful connection between the portfolio performance of active investment companies in Tehran exchange and the volume of their operations.

B) By increasing the number of shares in a portfolio, we can reduce the unsystematic risk, and if the coefficient of correlation between the different kind of shares in the portfolio is less, this reduction would be greater.

C) The rating on the basis of Sharp and Trainer indices, necessarily not reach the similar results, but if the portfolios are perfect varied, the rating of performance according to these indices, would become closer. (Safari, 2002, p. 57).

4- Another investigation has been conducted in the name of Studying the connection between the efficiency of the portfolio and systematic risk in Tehran exchange in Islamic Azad University, Department of Sanandaj, in the form of M.A. Degree thesis. The results of investigation are as follows:

There is a meaningful connection between portfolio systematic risk and the efficiency of the portfolio, means that it can be identified the efficiency on the basis of systematic risk, which is resulting in this investigation that 21% of the changes of efficiency is presented by systematic risk and

79% is related to the unsystematic risk. (Hassani, 2006, p. 75)

5- An investigation about efficiency and the risk of investment companies, that is conducted by Maryam Safarian in January, 1999. The results of this investigation indicated that there is identified connection between efficiency and the variety of the shares of companies in the portfolio of investment companies.

6- In another investigation in Greece, the performance of the 17 investment companies' managers between 1995-1998 have been evaluated and the investigator has concluded that as the financial backing is new in Greece and the managers of these companies have no enough experienced, they could not have good performance

The Hypotheses of the Study

The testable hypotheses in this study include the following items:

1- There is a meaningful connection between the efficiency of investment company's portfolio and the rate of their liquidity.

2- There is a meaningful connection between investment company's portfolio and the profitability ratios.

3- There is a meaningful connection between investment company's portfolio and dividend.

Methodology

The deductive and inductive methods have been used in this study, also, by considering the collected data, the hypotheses can be rejected or accepted. The methodology from the applied object point of view and collecting data is described. In order to identify the theoretical framework of the subject, the published books and essays and e-books and e-articles have been used and by use of Rahavarde Novin software and also search on the sites of Technology Management Exchange of Tehran Company, Kodal, Investment Companies and studying monthly and yearly reports of these companies, the required data are collected, then they were analyzed, and the hypotheses have been tested by use of SPSS software.

Statistical Population and Sample

The statistical population of this study includes all accepted investment companies in Tehran exchange up to the end of March 2011. It is separating from 2007 to 2011 in active investment companies in Tehran exchange to have been used as the statistical population. As the lack of investment companies, the whole statistical population are selected as samples.

By considering the categories of investment companies (2007-2010), ones can understand Insurance Industry Investment, Pardis Investment, National Development Investment, Bahman Investment, Sepah Investment, Iranian National Investment, Bo-Ali Investment, Iranian Industrial Development Investment, anti-Damavand Investment, Saipa Investment, Iran Behshahr Industries Investment, Industry and Mines Investment, Niroy Investment, Mellat Investment.

The Time and Location Area of the Investigation

The restricted location of the population of this investigation is the investment companies of Iran, which are active in Tehran Stock Exchange. The information about the combination and the volume of the portfolio of investment and monthly and yearly reports of these companies, including their financial statements have been provided by the stock exchange institute. The time ranges of this investigation are about 5 years, started from 2007 up to the end of 2011.

Introducing the Variables of Investigation and the Method of their Computing

Efficiency: the efficiency of investment companies and market in order to the considered years for this study are computed monthly and yearly. The method of computing is as follows:

The efficiency of the portfolio of investment companies

The efficiency of the portfolio of investment companies for the considered years for this study is achieved as follows:

$$R_p = \sum_{i=1}^n R_i \cdot W_i \quad (1)$$

Where W_i is the percent of investing in the i capital consuming company,

R_i is the efficiency of the i capital consuming company

Meanwhile, some of the monthly information of some of the companies include monthly efficiency, has been directly extracted of exchange institute reports and the above mentioned relation is used for the other companies.

Market Efficiency

It is computed by using the changes in the indicated of the total price of the stocks and cash efficiency which is published in Tehran stock exchange, and it is considered for indicating total price and cash efficiency for 1386-90 and market efficiency results of:

$$\gamma_{mt} = \frac{(P_{mT} - P_{m,T-1})}{P_{m,T-1}} \quad (2)$$

Where:

P_{mt} = the indicated number in t time

P_{mt-1} = the indicated number in $t-1$ time

Risk: It is the changing area of efficiency during a certain time which put the true expectations of the investor into the challenge. On the other hand, it is the amount of differentiate between the true efficiency of investment with the expected efficiency.

Unsystematic Risk

That part of changeability in total efficiency of a stock exchangedoes not depend on the total changeability on the market which can be reduced by making vary in negotiable papers in the portfolio.

Systematic Risk

The changeability in total efficiency of negotiable papers which is not directly dependent on market changes or economic is called *Systematic Risk* or *Market Risk*. It is the minimum risk which the most varied portfolio is involved with too.

Beta-Coefficient

Beta-Coefficient is get in this study through the following item:

$$b_1 = \frac{CoV(R_i, R_m)}{\sigma_{rm}^2} \quad (3)$$

Numerator is the covariance between monthly efficiencies of investment companies, and monthly market efficiencies for one net year and denominator is the variance of monthly market efficiency of the same year.

The Appraisal of Investment Companies Performance

In this study, the appraisal of investment companies performance is done by Sharp and Trainer indices.

We have in Sharp indicate:

$$RVAR = \frac{\overline{TR_p} - \overline{R_F}}{SD_p} = \frac{EXCOSS\ Return}{Risk} \quad (4)$$

And in Trainer indicate:

$$RVol = \frac{\overline{TR_p} - \overline{R_F}}{bp} \quad (5)$$

By considering the mentioned indices, portfolio efficiency, portfolio risk and the beta-coefficient of portfolio are discussed. The only remained factor in above mentioned indices is the efficiency without risk. Efficiency without risk is the mean of efficiency rate that investors without tolerating the risk expect to reach it. In this study, the long term bank benefit rate is recorded as the efficiency without risk.

This rate is published according to the reports of the Islamic Republic Central Bank, which is getting through the economic monitors of this bank for the considered years of our study.

Liquidity

In order to determine the rate of liquidity of companies, the below item is applied:

$$M_j = \frac{N}{\sum_{i=1}^N \left(\frac{1}{I_i} \right)} \quad (6)$$

Where:

M_j = is the rate of liquidity of J investment company

N = the number of the below six comments

I_i = ith symbol of the below series

1- The number of exchanged shares

2- the number of conducted transaction

3- the average of the daily stock

4- Rial volume of transactions

5- the number of clients

6- the number of transactions

We sort the results of above-mentioned formula from the high to low for companies.

Some of the important profitability ratios of investment companies are computed as follows:

$$A) \text{ Asset efficiency } \text{asset efficiency} = \frac{\text{net benefit}}{\text{Total assets}} \quad (7)$$

$$B) \text{ The efficiency of net worth } \text{the efficiency of net worth} = \frac{\text{net benefit}}{\text{net worth}} \quad (8)$$

$$C) \text{ Sell efficiency } \text{sell efficiency} = \frac{\text{net benefit}}{\text{Sell}} \quad (9)$$

$$D) \text{ The operational benefit ratio } \text{the operational benefit ratio} = \frac{\text{operational benefit}}{\text{sell}} \quad (10)$$

$$E) \text{ Dividend } \text{DPS} = \frac{\text{total dividend benefit (accepted by board)}}{\text{The number of diffused stocks}} \quad (11)$$

Results

Hypotheses testing

The Sharp and Trainer indices are applied for analyzing the influence of the liquidity rate, profitability ratios and dividend on the performance of investment companies. According to these two indices, the following hypotheses are tested.

H1: *The means of investment company's performance and the high/low liquidity rates, according to Sharp and Trainer indices, are equal.*

1-1) The means of investment company's per-

formance and the rate of high/low liquidity, according to the Sharp indices, are equal.

1-2) The means of investment company's performance and the rate of high/low liquidity, according to the Trainer indices are equal.

H2: *The means of investment company's performance, according to two Sharp indices, are equal to their profitability ratios.*

2-1) The means of investment company's performance, according to Sharp indices, are equal to high/low asset efficiency.

2-2) The means of investment company's performance, according to Trainer indices, are equal to high/low asset efficiency.

2-3) The means of investment company's performance, according to Sharp indices, are equal to high/low net worth efficiency.

2-4) The means of investment company's performance, according to Trainer indices, are equal to high/low net worth efficiency.

2-5) The means of investment company's performance according to Sharp indices, are equal to high/low sell efficiency.

2-6) The means of investment company's performance, according to Trainer indices, are equal to high/low sell efficiency.

2-7) The means of investment company's performance, according to Sharp indices, are equal to high/low operational benefit ratio.

2-8) The means of investment company's performance, according to Trainer indices, are equal to high/low operational benefit ratio.

H3: there is a meaningful connection between the portfolio efficiency of investment companies and liquidity rate, profitability ratios and dividend.

3-1) there is a meaningful connection between portfolio efficiency of investment companies and liquidity rate.

3-2) there is a meaningful connection between portfolio efficiency of investment companies and asset efficiency.

3-3) there is a meaningful connection between portfolio efficiency of investment companies and net worth efficiency.

3-4) there is a meaningful connection between portfolio efficiency of investment companies and sell efficiency.

3-5) there is a meaningful connection between portfolio efficiency of investment companies and operational benefit ratio.

3-6) there is a meaningful connection between portfolio efficiency of investment companies and dividend.

Table 1. The results of equilibrium test of investment company's performance with considered variables, according to Sharp and Trainer indices

Items	Test hypotheses	Meaningful level of variance equilibrium test	Results of variance equilibrium test	Meaningful level of original hypotheses Sig	Test results
1-1	1-1) H.: The mean of investment companies performance and the rate of high/low liquidity according to the Sharp indicate are equal. 1-2) H.1: The mean of investment companies performance and the rate of high/low liquidity according to the Sharp indicate are not equal.	0.835	High and low level variances are equal	0.067	H.1 is accepted
1-2	1-1) H.: The mean of investment companies performance and the rate of high/low liquidity according to the Trainer indicate are equal. 1-1) H.1: The mean of investment companies performance and the rate of high/low liquidity according to the Trainer indicate are not equal.	0.475	High and low level variances are equal	0.091	H. is accepted
2-1	H.: the mean of investment companies performance according to Sharp indicate is equal to high/low asset efficiency. H.1: the mean of investment companies performance according to Sharp indicate is not equal to high/low asset efficiency.	0.223	High and low level variances are equal	0.371	H. is accepted
2-2	H.: the mean of investment companies performance according to Trainer indicate is equal to high/low asset efficiency. H.1: the mean of investment companies performance according to Trainer indicate is not equal to high/low asset efficiency.	0.092	High and low level variances are equal	0.202	H. is accepted
2-3	H.: the mean of investment companies performance according to Sharp indicate is equal to high/low net worthefficiency. H.1: the mean of investment companies performance according to Sharp indicate is not equal to high/low net worthefficiency.	0.508	High and low level variances are equal	0.774	H. is accepted
2-4	H.: the mean of investment companies performance according to Trainer indicate is equal to high/low net worthefficiency. H.1: the mean of investment companies performance according to Trainer indicate is not equal to high/low net worthefficiency.	0.115	High and low level variances are equal	0.144	H. is accepted
2-5	H.: the mean of investment companies performance according to Sharp indicate is equal to high/low sell efficiency. H.1: the mean of investment companies performance according to Sharp indicate is not equal to high/low sell efficiency.	0.464	High and low level variances are equal	0.507	H. is accepted
2-6	H.: the mean of investment companies performance according to Trainer indicate is equal to high/low sell efficiency. H.1: the mean of investment companies performance according to Trainer indicate is not equal to high/low sell efficiency.	0.122	High and low level variances are equal	0.341	H. is accepted
2-7	H.: the mean of investment companies performance according to Sharp indicate is equal to high/low operational benefit ratio. H.1: the mean of investment companies performance according to Sharp indicate is not equal to high/low operational benefit ratio.	0.623	High and low level variances are equal	0.795	H. is accepted
2-8	H.: the mean of investment companies performance according to Trainer indicate is equal to high/low operational benefit ratio. H.1: the mean of investment companies performance according to Trainer indicate is not equal to high/low operational benefit ratio.	0.321	High and low level variances are equal	0.562	H. is accepted

Table 2. The results of existence /not existence of leaner connection between the portfolio of investment companies with liquidity rate, dividend and profitability ratios in 2007-2011

Dependent Variable	Independent Variable	Numerical R	Meaningful level of the test H:R=0	Test result H:R=0	Numerical α	Meaningful level of the test H: α =0	Test result H: α =0	Numerical β	Meaningful level of the test H: β =0	Test result H: β =0
Portfolio efficiency of investment companies	Liquidity	0.004	0.974	There is no leaner connection	91533.927	0.013	Numerical α statistically is meaningful	10.843	0.974	Numerical β statistically is not meaningful
Portfolio efficiency of investment companies	Dividend	0.033	0.785	There is no leaner connection between portfolio efficiency of investment companies and dividend	95159.598	0.0	Numerical α statistically is meaningful	-38.006	0.785	Numerical β statistically is not meaningful
Portfolio efficiency of investment companies	Asset efficiency	0.079	0.517	There is no leaner connection between portfolio efficiency of investment companies and asset efficiency	10498.917	0.001	Numerical α statistically is meaningful	-1847.263	0.517	Numerical β statistically is not meaningful
Portfolio efficiency of investment companies	net worth efficiency	0.008	0.949	There is no leaner connection between portfolio efficiency of investment companies and net worth efficiency	93660.757	0.002	Numerical α statistically is meaningful	-117.881	0.949	Numerical β statistically is not meaningful
Portfolio efficiency of investment companies	Sell efficiency	0.0	0.998	There is no leaner connection between portfolio efficiency of investment companies and sell efficiency	92469.242	0.0	Numerical α statistically is meaningful	6.273	0.998	Numerical β statistically is not meaningful
Portfolio efficiency of investment companies	Financial benefit ratio	0.008	0.946	There is no leaner connection between portfolio efficiency of investment companies and financial benefit ratio efficiency	9366.757	0.002	Numerical α statistically is meaningful	-117.881	0.949	Numerical β statistically is not meaningful

Conclusions

1- According to the statistical analyze of the 1st hypothesis, the mean of investment company's per-

formance, is not equal to low liquidity rate. It means that the liquidity of investment companies influences their performances during the considered years in this study, but the mean of investment compa-

nies' performances, according to Trainer indicate, is equal to high/low liquidity. It means that liquidity does not influence on investment companies' performances during the considered years in this study.

2- According to the statistical analyze of 2nd hypothesis, the mean of investment companies' performances, according to Sharp and Trainer indices, is equal to high/low profitability ratios, which is meant that the profitability ratios of investment companies have no influence on their performances during the considered years in this study.

3- According to the statistical analyze of the 3rd hypothesis, there is a meaningful connection between portfolio efficiency of investment companies and liquidity, but there is no meaningful connection between portfolio efficiency of investment companies and profitability ratios and dividend.

By considering the results of this study, following suggestions are presented:

The results are indicators of influence of liquidity on performances and portfolio efficiency of investment companies; thus, the managers of investment companies seriously take it into account a parameter in their decisions such as the volume of transactions, number of traded stocks, terms of the transaction and the number of clients, the days of transactions and the volume of transactions on the basis of Rial. The results of the study indicate that the profitability ratios and dividend have no influence on performance and portfolio efficiency of investing companies, so the other factors including function ratios, leverage ratios and liquidity ratios, should be reviewed and possibly there are other fac-

tors which influence on performance and portfolio efficiency of investment companies, such as inflation and political affairs.

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