An Analysis on the Existing Investment Portfolio on EPF Governed by Central Bank of Sri Lanka

M.H Israth Ali

Registration No: SEU/IS/06/MG/039

Index No: MG 0514

A Dissertation Submitted to the Faculty of Management & Commerce, South Eastern University of Sri Lanka, in partial Fulfillment of the Requirements of Bachelor of Business Administration Degree.

Department of Accountancy and Finance

Faculty of Management & Commerce

South Eastern University of Sri Lanka

Oluvil

2012

ABSTRACT

This study focused on the analysis on the existing investment portfolio on EPF governed by Central Bank of Sri Lanka. The objectives of the study were to analysis on the existing investment portfolio on EPF, analysis that whether the existing equity Investment portfolio is worthwhile or not and recommend that whether the existing investment portfolio of EPF is optimal portfolio or not. Employees' Provident Fund is invested on Investment portfolio. That investment portfolio of EPF is consisting of Treasury bonds, Treasury bills, Rupees loans, corporate debentures, equity shares and others (Repo, trust certificates). This EPF security portfolio is the sample of this research and for this study secondary data was used and collected the data through the annual reports of Employee's Provident Fund from 1998 to 2009. Rate of return of each security and rate of interest paid to employees were taken to examine hypothesis.

Data were analyzed using SPSS (Statistical Package for Social Sciences) and summarized in descriptive statistics, such as mean, standard deviation, variance, regression analysis, trend analysis, correlation and covariance computation.

The research shows the existing investment portfolio is better in considering safety and liquidity, behavior of rate of return of each security is favorable and also proved that the existing investment portfolio is being trying to earn returns by diversification so as to be reduced total portfolio risk. Furthermore, the existing investment portfolio can be recommended as optimal portfolio.