The effect net assets value in purchasing the shares of investment companies

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Abstract: *Investment companies of financial groups operating in the capital market through issuing stock are attempting to attract investment. this complex operations can be done through the investment portfolio includes shares in various companies, bonds, currencies, physical assets and in some cases also be valid currencies. In this paper, we have an investigation on the relationship between the net asset value of the investment companies listed on the stock with the price of those. Hypotheses test is performed by using statistical methods from collected data through questionnaires in population management companies, investment experts.*
Key words*: Net value of assets, investments, investment companies, stock exchange*

I. Introduction

Capital markets are considered in most developing countries as one of the most important tools for achieving economic development. The purpose of the investment companies may be considered for economic development in the country. Investment companies in the world are well known tools that in industrialized countries have a considerable part of the solution to the problems of regional development. With all that effort has been made so far in our country, the number of investment companies registered with the standard is far from universal. Note that the number of the company's in the second five-year plan at the end of the program should be increased to one hundred companies.

In this study after familiar with issues related to investment companies, we have a study on the relationship between the net asset value of the accepted investment companies listed on the stock with the price them. It is assumed that the net asset value of is the most important factor in the decision of investors to purchase shares of investment companies. Domain of the investment companies listed is in Tehran Stock Exchange.

Net value of assets

Common funds or investment companies in the net asset value is equal to the total value of investments minus debt. The NAV is defined as a company's net asset value and in terms of accounting, NAV is easy to detect.

Total assets a company are equals the total liabilities and salaries of the share holders. In other words, in terms of accounting, salaries of the share holders are equal to the difference between assets and liabilities of the company. So in terms of accounting, NAV of a company is equal to the equity of the company but in The analytic estimates, this figure cannot provide accurate reflection of the net value of assets due to some limitations of the balance sheet dates. At the balance sheet, values of assets are reported to date cost that there are some headings, such as investments and fixed assets. In some cases, the difference between historical cost and current values are very high that cause to great harm to the usefulness of the information assets on the balance sheet. In the contrary column, all the liabilities are reflected by market daily value. The origin of this information related to the balance sheet in accounting principles. These factors causes to change method of calculation of net asset value and result amount will not be equal to the figure equity. Thus, in order to calculate the exact value of net assets it is needed to discover the market value of these investments companies. Outline balance sheet is formed of two parts, short and long term investments.

Most investment companies in Tehran Stock Exchange, reflect its short-term investment by the method "of cost and net sales value" in financial statements. The concept of this method is that the balance sheet value of investments will be record by cost or market value. The long-term investments in accordance with accounting standards will reflect by reduced value after obtaining the cost of any store. Therefore, to detect NAV shares of investment companies, estimate the value of Investment Company is needed and then it is necessary to compare this figure with the cost set forth in balance sheet. If the cost is higher than market value, the surplus value of the asset value should be considered in the net cost calculation. The formula for calculating the net asset value of an acquired company as follows: net asset value (NAV)=Equity investments+ the surplus value relative to cost

Decision making investors

Existence of the inflationary bubble in the economy of a country is a country indicates a craving for speculation. In other words, if the inflationary bubble exists in the market, the market price equals to the total cost base plus increased demand. Index bubble price, a reliable criterion for evaluation is inflation and economic planning. Price index will fluctuate if the bubble and its bursting is exist. Therefore, we must say that NAV is a way to evaluate the potential sectors for investment companies. And accordingly that the NAV is the main method used in the valuation of investment companies.

Sample and its adequacy

The questionnaire was designed, to determine the sample size, were distributed among 200 contacts of the study population. 0.543 standard deviations were calculated. Then we decided to calculate the size of the sample with 5% error probability. Which is typical for that community, represent the main population. 500 questionnaires were distributed to the 464 usable questionnaires were collected. Unlimited sampling was used according to the population. Have used the following formula:

$$n = \frac{(Z\alpha/2)^2 * \sigma^2}{\varepsilon^2} = \frac{(1/96)^2 * .543^2}{.05^2}$$

II. Methods of data analysis

Standard deviation was determined by using the SPSS software and Excel. In the next step we investigated the relationship between the demographic Kruskal-Wallis tests. There was no significant difference between cases and testimonials. For hypothesis testing, is used to test or binomial (BINOMINAL). Determine priorities for each of the independent variables such as socio-psychological and political, is the decision of investors using Friedman test. In the first step, we extract the raw data from the questionnaire data. Then we calculate the variable using Excel software. SPSS software is used. To prove the normal distribution, test statistic Kolmogorov-Smirnov. The tests are defined as follows, assuming the opposite (H0) and agree to assume (H1):

(H0): There is no difference between observed and expected data frequency (population distribution is normal).

(H1): There is a difference between the frequency of observed and expected data (population distribution is un-normal).

Test type was determined after identifying the type of data distribution. Relationship between independent variables such as the net value of assets and other factors were ranked as price, special features economic, psychological characteristics of individual investors using the Friedman test and the effect on investors' decision.

The research model

(Investment decisions)= F (NAV)

The dependent variable is the decision of investors in companies that listed on capital markets in Tehran. The independent variable is the net asset value and other factors. The normal distribution is used in the test sample (Kolmogorov-Smirnov). By consideration coming tables, the calculated error is less than 0.05 percent. It can be concluded with 95 percent statistical data distribution is not normal. So with 95% trust can be concluded that statistical distribution of data is not normal.

As will be noted, the level of significance is less than 0.05 on the other hand the ratio of the test of 0.50, compared with the group that considered the effect of psychological and social on the investment decision high and near to 0.85, are different. However, the test ratio is smaller than observed ration. According to this hypothesis of the same rule of the both Ratios, rejection of the zero hypotheses on the different observed ratio (0.85) in compare with test 0.50, are confirmed.

In the level 95%, effect of psychological and social factors in decision investors will be high and the rule is the same in both.

As will be noted, the level of significance is less than 0.05 on the other hand the ratio of the test of 0.50, compared with the group that considered the effect of financial factors on the investment decision high and near to 0.88, are different. However, the test ratio is smaller than observed ration. According to this hypothesis of the same rule of the both ratios, rejection of the zero hypotheses on the different observed ratio (0.88) in compare with test 0.50 did not confirmed.

In the level 95%, effect of financial factors in decision investors will be high and the rule is the same in both and similarity of both wills reject.

Using the Friedman test, the factors affecting on the decision of investors to purchase shares of investment companies were evaluated.   Net asset value, achieving a score of 12.91 percent, stood by other factors and business rates by 7.99 points with the least investment decisions.

		VAR00001	VAR00002	VAR00003	VAR00004	VAR00005	VAR00006
N		464	464	464	464	464	464
Normal test	average	5.9935	5.4828	6.3233	6.5819	6.6293	6.4267
	Standard deviation	2.21763	2.39594	2.03294	2.10773	2.00013	1.82939
The maximum difference between the final	Absolute difference	.188	.123	.158	.184	.218	.226
	positive	.120	.114	.104	.126	.118	.092
	negative	-.188	-.123	-.158	-.184	-.218	-.226
Kolmogrouv		4.049	2.643	3.412	3.971	4.694	4.878
Percent error in the calculated		.000	.000	.000	.000	.000	.000

		VAR00007	VAR00008	VAR00009	VAR00010	VAR00011	VAR00012	VAR00013
N		464	464	464	464	464	464	464
Normal test	average	6.4698	6.4957	5.7522	5.2263	6.0862	6.1185	6.2672
	Standard deviation	1.53826	1.51450	2.11162	2.35749	2.25987	2.22128	2.10567
the final maximum difference between l	Absolute difference	.187	.208	.201	.135	.196	.145	.136
	positive	.158	.106	.135	.135	.111	.097	.097
	negative	-.187	-.208	-.201	-.120	-.196	-.145	-.136
Kolmogrouv			4.018	4.481	4.336	2.913	4.219	2.923
Percent error in the calculated			.000	.000	.000	.000	.000	.000

		VAR00014	VAR00015	VAR00016	VAR00017	VAR00018	VAR00019
N		464	464	464	464	464	464
Normal test	average	6.4957	6.4310	6.6552	6.3513	5.9741	5.8405
	Standard deviation	1.90259	2.00958	1.63310	1.71874	1.92275	2.15901
Maximum final difference	Absolute difference	.175	.202	.217	.201	.171	.193
	positive	.094	.101	.136	.122	.111	.136
	negative	-.175	-.202	-.217	-.201	-.171	-.193
Kolmogrouv			3.775	4.351	4.679	4.329	3.680
Percent error in the calculated			.000	.000	.000	.000	.000
a. Test distribution is Normal.							
b. Calculated from data.							

Table 1: Data

N	464
Chi-Square	386.483
df	18
Asymp. Sig.	.000

Table 2: Test Statistics

variables	Rank by points	Friedman test	
economic	2.37	N	464
politic	2.66	Chi-Square	33.126
Social psychology	2.32	df	3
financial	2.67	Asymp. Sig.	.000

Table 3: ranks

III.   Conclusion

By using Friedman test, the factors influencing on investment decisions evaluated to buy shares of companies. Net asset value with 12.91 points and interest rates with 7.99 points have respectively a key role in investment decisions .That shows financial variables have the greatest influence on investment decisions and political factors have a second position. Therefore compatible hypothesis is confirmed**.**

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