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Equity Management And Holding-Period Return In Nigerian Secondary Market

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ABSTRACT
This study examined the effect of equity or share management by institutional investors on holding-period return in Nigerian secondary market. Since the corporate objective or interest of the shareholders in any company may either be profit maximization or wealth maximization, then, it becomes imperative for the management of these institutions to manage the shares or equities in their custody well and effectively. It also determined how market price in terms of share prices, at the beginning and at the end, affected return. Furthermore, the study ascertained the impact of dividend paid on holding-period return in an attempt to providing educative information on equities management and holding-period returns. The research design employed in this study was survey. The targeted population consisted of 28 listed stock broking firms. A sample size of 20 firms was selected using the simple random sampling. The study employed secondary source of data. Data were sourced on dividend paid, initial share price, and closing share price which were used to compute holding-period return for each firm for the period of 2015. The cross-sectional data was adopted from the audited financial statement of the 20 firms. Inferential statistics was used to analyse the data through the use of Ordinary Least Square (OLS).The result of the study revealed that initial price of the stock or share significantly affected the holding-period returns ($t=-6.12$, $p<0.05$). Also, it was found that end-of-the period price of equity significantly impacted on the holding-period returns ($t=6.83$, $p<0.05$). Moreover, the study revealed that the dividend paid has significant influence on the holding-period returns ($t=3.46$, $p<0.05$). In view of the discussion of findings above, the study concluded that the management of equities by the institutional investors in Nigeria significantly affected the holding-period returns of the shareholders. It was also concluded that both initial and closing share prices of equity significantly affected return. Furthermore, the dividend paid had significant influence on return and it was recommended that the institutions should rise up to the responsibilities with which they are saddled so as to ensure good equity management.
Keywords: Equity, Market price, Dividend, Management, Return, and Stock broking firms

1. INTRODUCTION

Common stocks, also known as equity securities or equities, represent ownership shares in a company. Each share of common stock entitles its owner to one vote on any matters of corporate governance that are put to a vote at the company's annual meeting and to a share in the financial benefits of ownership (David, 2000).

The company is controlled by a board of directors elected by the shareholders. The board, which meets only a few times each year, selects managers who actually run the corporation on a day-to-day basis. Managers have the authority to make most business decisions without the board's specific approval. The board's mandate is to oversee the management to ensure that it acts in the best interest of shareholders. Equity management is the process that is aimed to attract members, while keeping current members' needs satisfied (Collett, Lizieri and Ward, 2013). Equity management also has the daunting task of trying

to maintain corporate entities' profitabilities while allowing for the growth. Equity is the net worth of the company and it represents the members' ownership interest in the total assets of the entity (Broby, 2010). Equity is the "cushion" fund that increases or decreases with the profitability of the company. Due to the defining characteristics of the company, this equity is held by its member users. It allows the membership to have more control and flexibility in determining how the company is operated and financed (Hirt and Block, 2014).

Equity in a company should account for about half of the company's total assets. This amount varies, depending on the company. A U.S. Department of Agriculture survey of companies shows, however, that the average percentage of assets accounted for by equity came to 43 percent. One major reason company equity is important is that it maintains the key principle of member-ownership. It represents the members' investments in the company and serves to protect that investment. If equity is managed effectively, the amount of equity a particular member has in the company is directly proportional to its use of the company.

Generally speaking, Investment management is the professional management of various securities (shares, bonds and other securities) and assets (e.g., real estate) in order to meet specified investment goals for the benefit of the investors (Elton, Edwin, Gruber and Martin, 2010). Investors may be institutions (insurance companies, pension funds, corporations, charities, educational establishments, stockbroking firms etc.) or private investors. The term asset management is often used to refer to the investment management of collective investments, while the more generic fund management may refer to all forms of institutional investment as well as investment management for private investors. Investment managers who specialize in advisory or discretionary management on behalf of (normally wealthy) private investors may often refer to their services as wealth management or portfolio management often within the context of so-called "private banking".

The provision of 'investment management services' includes elements of financial statement analysis, asset selection, stock selection, plan implementation and ongoing monitoring of investments. Investment management is a large and important global industry in its own right responsible for caretaking of trillions of naira, dollars, euro, pounds and yen. Coming under the remittance of financial services many of the world's largest companies are at least in part investment managers and employ millions of staff and create billions in revenue.

In finance, Mayo, (2015) defined holding period return (HPR) as the total return on an asset or portfolio over the period during which it was held. It is one of the simplest measures of investment performance.

Holding period return is the percentage by which the value of a portfolio (or asset) has grown for a particular period. It is the sum of income and capital gains divided by the initial period value (asset value at the beginning of the period).

1.1 **Statement of Research Questions**

The main research problem was broken down into sub-problems stated as research questions, which guided the study. Attempts were made in the course of the research to resolve the following research questions:

i. What is the significant effect of initial price of stock on holding period return?
ii. How does end-of-the- period price of stock impact on holding period return?
iii. What is the significant effect of dividend paid on holding period return?

1.2 **Statement of Objectives**

The main objective of this research work is to empirically determine the impact of equity management on holding period return. Specifically, the objectives of this study are to:

i. determine the significant effect of initial price of stock on holding period return.
ii. find out the impact of end-of-the period price of stock on holding period return.
iii. ascertain the effect of dividend paid on holding period return.

1.3 **Statement of Hypotheses**

H_0: There is no significant effect of initial price on holding period return.

H_0: End-of-the-period price does not significantly impact on holding period return.

H_0: Dividend paid has no significant effect on holding period return.

2. REVIEW OF RELATED LITERATURE

2.1.1 **Fundamental Concept in Equity**

The owned capital of a joint-stock company is represented by shares (Pratap, 2007). Each share represents a unit of measurement of the capital and creates proportions of ownership in the capital of the company to the extent of its value. This value by which a share is designated is known as its nominal or face value. According to the Company Act, (1890) a company can issue only as much shares as it has been authorized to by its Memorandum of Association (its charter document). Such capital is known as the authorized capital. The actual amount of shares at their face value that have been issued to investors out of the authorized capital is known as the issued capital. The actual amount subscribed to by the investors out of the issued capital by making commitments to pay for the shares and take delivery is known as the 'subscribed' capital. The amount that has been asked of the investors to be paid is known as the called up capital. The amount actually paid by the investors on the calls is called the paid-up capital. The amount that remains unpaid is known as 'calls-in-arrears'(Witkowska and Monika, 2014)

2.1.2 **Listed and Unlisted Shares**

The word 'listing' refers to enabling a share to be included for trading in the secondary market in a stock exchange (Relly, Frank, Brown and Keith, 2011). Once a company's shares have been listed, dealers can buy and sell such shares at market determined prices, which would be continuously reflected on the trading screens. The shareholders can buy or sell listed shares during the trading hours of the stock exchange without any restrictions at the prevailing market prices. In this respect, buying and selling of listed shares are impersonal affairs without the buyer or the seller knowing each other. The shareholders of listed companies are on the look-out for market opportunities to make gains on trading which in turn drives the volume of shares traded everyday on the stock exchange. There are highly volatile scripts in the market and there are also scripts that drive the market trends. The investor demand for a particular share in the market determines its market price from time to time. Companies that have listed their shares on the stock exchange are called 'Listed Companies' while those that have not are called 'Unlisted Companies.

At this stage, it is pertinent to note while a listed share is freely tradable in the stock exchange, and an unlisted share is not in a secondary market and is to that extent, restricted in its transferability from one person to another. An unlisted share can be bought or sold between two persons only through a private arrangement that brings them together. Further, if an unlisted share belongs to a private company, its transferability is restricted by the articles of association of the company.

2.1.3 **Investor's Perspective of Equity Shares**

Equity shares are financial instruments with uncertain returns (Bodie, Kane and Marcus, 2015). The uncertainty is associated both with the return on investment and the return of the capital invested as well. The requirement of a regular return has to be met out of dividend income, which depends upon the dividend policy of the management. Investors looking for a regular return on equity investment should look for companies with a sound financial health and quality of management and a high dividend payout ratio. Dividend is presently tax-free in the hands of the shareholder and therefore provides a tax free source of income. In addition to income, another important feature of equity investment is in its liquidity. The presence of an organized and active secondary market for a company's share enables instant liquidity at any time (Baumol and William, 2009). On the other hand, the attractiveness of equity investment lies in their capital appreciation through increase in market price over the invested capital. Most equity investor's look for making capital gain on their investment, which when approach to make capital gain is also tax efficient since it is subject to confessional taxation under the Nigerian tax law.

However, since market prices are subject to market forces, equity investors are always subject to certain market risks. One way to mitigate this risk is to manage one's portfolio effectively. Investors who do not have the expertise to do so should rely on the expertise of fund managers and invest their funds in equity

mutual funds. Historically, equity has been proved to be the best form of financial investment over longer terms as per several empirical studies (Bhalla, 2007).

2.1.4 **Issuer's Perspective of Equity Capital**

From an issuer's perspective, equity capital is more expensive than debt capital (Unegbu, 2004). This is because an equity investor's expected return is much higher than that of an investor in debt due to the risk attached to equity investment. Therefore, the issue has to service equity at a higher cost as compared to debt. Secondly, the regular dividend payment so service an equity investor is much higher than the interest paid on debt due to the deferential tax treatment of interest and dividend as deductible items.

2.1.5 **Valuation Methodologies for Equity Shares**

An equity share in a way represents a right to receive a future stream of cash flow by way of dividends, which are not determinable in the present. However, one can take an approach to forecast such expected dividends. At the same time, an equity share is not just about receiving dividend. It represents proportionate ownership of a company due to which the financial interest extends even to profit that have been earned by the company but have not been distributed as dividends. These are known as 'Retained Profit;. Therefore, an alternative way of looking at the value of an equity share is to consider the future earnings potential of the company. A third way of approaching the issue is to consider that an equity share is worth what it represents in the value of the company at present. This would mean that an equity share represents a proportionate part of the assets of a company either considered at their book value or at their market value. The fourth way of approach is to consider the market value of the share. However, since market value is susceptible to change and volatility, it is not considered an efficient measure of the value of an equity share. Therefore, the strategic value of a share, though not exactly quantifiable is considered much more than its economic value measured in terms of any of the considerations specified above.

From the above discussion it is clear that there are alternative approaches to the valuation of an equity share based on the consideration adopted. Based on the facts of a given case, values adopt different methods or a combination of two or more methods to make the methodology appropriate to the situation.

2.1.6 **Holding period Return**

Simple Returns

Assume purchasing a financial asset (stock or equity) at time t_0 for the price P_{t0} and then selling the asset at time t_1 for the price $P_{t1.}$ If there are no intermediate cash flows (e.g., dividends) between t_0 and t_1 the rate of return over the period t_0 to t_1 is the percentage change in price:

$$R_{(t0,\,t1)} = \frac{P_{t1} - P_{t0}}{P_{t0}}$$

The time between t_0 and t_1 is called the holding period and the resultant of the formula above is called the holding period return. In principle, the holding period can be any amount of time: one second; five minutes; eight hours; two days, six minutes, and two seconds; fifteen years.

Annualizing returns

More often than not, the returns over different perionds are annualized, i.e., converted to an annual return, to facilitate comparisons with other investments. The annualization process depends on the holding period of the investment and an implicit assumption about compounding.

Multi-period returns

The simple two-year return on an investment in financial asset between years t - 2 and t is defined as:

$$R_t(2) = \frac{P_t - P_{t-2}}{P_{t-2}} = \frac{P_t}{P_{t-2}} - 1$$

If $\frac{P_t}{P_{t-2}} = \frac{P_t}{P_{t-1}} * \frac{P_{t-1}}{P_{t-2}}$, then, the two-year return can be expressed as:

$$R_t(2) = \frac{P_t}{P_{t-1}} * \frac{P_{t-1}}{P_{t-2}} - 1$$

$$= (1 + R_t)(1 + R_{t-1}) - 1$$

Then the simple two-year gross return is expressed as:

$$1 + R_t(2) = (1 + R_t)(1 + R_{t-1}) = 1 + R_{t-1} + R_t + R_{t-1}R_t$$

Adjusting for dividends

If financial asset pays a dividend, that is D_t, sometime between years t – 1 and t, the total holding-period return is:

$$R_t = \frac{P_t + D_t - P_{t-1}}{P_{t-1}} = \frac{P_t - P_{t-1}}{P_{t-1}} + \frac{D_t}{P_{t-1}}$$

where $\frac{P_t - P_{t-1}}{P_{t-1}}$ is referred to as the capital gain and $\frac{D_t}{P_{t-1}}$ is referred to as the dividend yield.

The total gross return is derived as follows: $1 + R_t = \frac{P_t + D_t}{P_{t-1}}$

2.2 THEORETICAL REVIEW

2.2.1 **Liquidity Preference Theory**

The cash money is called liquidity and the liking of the people for cash money is called liquidity preference. According to Keynes people demand liquidity or prefer liquidity because they have three different motives for holding cash rather than bonds etc.

1. Transaction Motive
2. Precaution Motive
3. Speculative Motive

Transaction Motive

Day –to-day transactions are done by individuals as well as firms. An individual person has to buy so many things during a day. For this purpose people want to keep some cash money with them. This type of demand for liquidity is for carrying day to day transactions is called demand for liquidity for transaction motive. So we can say that money needed by consumers, businessmen and others in order to complete economic transactions is known as the demand for money for transactions motive. This demand depends upon the following.

i) Size of the income

If size of the income is high more will be the transactions and vice versa.

ii) Time gap between the receipts of income

If a person gets his pay daily he will demand less cash money. On the other hand if time gap is more a person will demand more money to carry on his daily transactions.

iii) Spending habit

If a person is spendthrift he will do more transactions. Naturally he will demand more money and vice versa. The demand for money for this purpose is completely interest inelastic.

Precautionary Motive

Every man wants to save something or wants to keep some liquid money with him to meet some unforeseen emergencies, contingencies and accidents. Similarly business firms also want to keep some

cash money with them to safeguard their future. This type of demand for liquidity is called demand for precautionary motive. This demand depends upon many factors.

i) Size of the income

If the size of the income of a person or a firm is large, he will demand more money for safeguarding his future.

ii) Nature of the person

Some persons are optimistic while others are pessimistic .The former think always about the bright side of future. So they anticipates less, if any risk and danger in the future. Naturally such persons will demand less money for precautionary motive. On the contrary, pessimistic persons or firms foresee many dangers, calamities and emergencies in the future. In order to meet these, they want to have more cash with them.

iii) Farsightedness

A farsighted person can see better about the future. He will make a proper guess of the future. Thus if he expects more emergencies, he will keep more money with him in cash and vice versa. The demand for money for precautionary motive is also completely interest inelastic.

Speculative Motive

People want to keep cash with them to take advantage of the changes in the prices of bonds and securities. In advanced countries, people like to hold cash for the purchase of bonds and securities when they think it profitable. If the prices of the bonds and securities are expected to rise speculators will like to purchase them. In this situation they will not like to keep cash with them. On the other hand if prices of the bonds and securities are expected to fall people will like to keep cash with them. They will buy the bonds and securities with the cash only when their prices would fall .So liquidity preference will be more at lower interest rates.

Supply of Money

The supply of money is quite different from the demand for money. No private individual can change it. Supply of money is controlled by the central bank or its government. Money supply depends upon the currency issued by the government and the policies of the central bank regarding with credit creation. In the short run at a particular period of time supply of money remains constant. That's why the supply curve money is perfectly inelastic.

2.2.2 **Residual Equity Theory**

Residual equity theory was developed by George Staubus, Professor Emeritus of Accounting at Berkeley's Haas School of Business. A company's residual equity holders take the greatest risk of all the company's stakeholders because they are the last in line to be repaid if the company goes under. Residual equity theory is one of several equity theories; the others are proprietary theory and entity theory.

Residual equity theory is an accounting concept that says that common stockholders take the greatest risk when they buy into a company; therefore, they should have sufficient information about the company's financial standing and performance to make sound investment decisions. Residual equity is calculated by subtracting the claims of bondholders and preferred shareholders from the company's total assets.

2.3 Empirical Review

Rhys, George and Richard (2006) examined the Strategy Content and Performance of equity in the secondary market. Strategy content comprises two dimensions: strategic stance (the extent to which an organization is a prospector, defender, or reactor) and strategic actions (the relative emphasis on changes in markets, services, revenues, external relationships, and internal characteristics). The study used a survey design with the sample size of 119 English local authorities. The study concluded that organizational performance is positively associated with a prospector stance and negatively with a reactor stance.

ZHIANG (2000) discussed the Impact of Computer Modelling on Equity Performance. He employed case-study method. The study concluded that performance has relationship with the use of computer.

O'mara, Charpman, Hyland and Karayan, (1998) carried out study on holding-period return measures and organizational strategy. They employed survey design through self-administered questionnaires. The data

was sourced from primary method. The study indicated that those who select and track holding-period return measures are generally at a lower managerial level than those who select and develop strategy.
Copenhagen, (2011) examined the investment and performance indicators. The study aims to establish relationship between performance measures and investment development. The conclusion is that there is relation but the direction of relationship is not stated.

3. METHODOLOGY

3.1 **Research design**

Kerlinger,(1983) defines research design as the plan, structure, and strategy for investigation conceived so as to obtain answers to research questions and to control variance. Therefore, the research design for this study was survey.

3.2 **Area of study**

The operational area of the study was investment management in the institutional investors while Nigeria, particularly, Lagos state was the geographical area. The aforementioned operational area was chosen so as to stimulate the interests of the shareholders towards investments and the geographical area was considered because of the availability of information.

3.3 **Population, Sample size and Sampling Technique**

The targeted population of the study was twenty-eight (28) listed stock broking firms from which the simple random sampling was employed to select twenty (20) as a sample size.

3.4 **Types of data**

Three types of data were available for empirical analysis: time series, cross-section, and panel (a combination of time series and cross-section) data.
Time series data: a time series is a set of observations on the values that a variable takes at different times. Such data may be collected at regular time intervals, such as daily, weekly, monthly, quarterly, annually etc.
Cross-section data: a cross-section data are data on one or more variables collected at the same point in time, but from different locations such as data collected from the audited financial statements of Nigerian institutional investors in a single year but from different institutions.
Panel data: in panel or pooled, data are elements of both time series and cross-section data.
By and large, the type of data used in this research work was a cross-section data due to the nature of the study.

3.5 **Sources and Data collection**

The source of data for this study was secondary which involved information got from already conducted research work. They included text books, journals, published financial accounts, published and unpublished lecture notes, internet, and previous research studies.

3.6 **Statement of Theory**

Theoretically, there is a relationship between equity management and holding-period return. The extent or direction to which equity is managed determines the betterment obtained in holding-period return. Therefore, holding-period return is a product of equity management.

3.7 **Model Specification**

$HPR = f(EM)$
HRP means holding-period return while EM denotes equity management. The proxies for equity management are; Initial Price (IP), End-of the period price (CP), and Dividend paid.
Therefore, $HPR = f(IP, CP, DV)$
Where:
HRP = holding-period return. This is the profit that accrues to the shareholder for holding the share for a particular period of time if the share is sold.
IP = Initial price. This is the price at which the share is bought at the beginning of the period
CP = End-of-the period price. This is the price at which the share is sold at the end of the period
DV = Dividend. This is the total dividend which accrues to the shareholder during the holding period.

Hence, the econometric form of the model is: $HRP = B_0 + B_1 IP + B_2 CP + B_3 DV + \mu$
B_0 is the intercept i.e the average value of HRP when IP, CP, and DV equal zero.
B_1, B_2, B_3 are the partial slope coefficients.
μ is the stochastic error term.
The theoretical apriori criteria set by economic theory for the model are as follows: $B_1 < 0$, $B_2 > 0$, $B_3 > 0$.
We should expect, according to the general theoretical basis, the following findings:
The parameter B_1 is expected to have a negative sign which postulates an inverse relationship between initial price and holding-period return.
The parameter B_2 related to variable HRP is expected to have a positive sign which suggests a direct relationship between end-of-the period price and holding-period return.
The parameter B_3 is expected to appear with a positive sign which indicates a direct relationship between dividend and holding -period return.

4. RESULTS AND ANALYSIS

Dependent Variable: LOG(HPR)
Method: Least Squares
Date: 08/15/16 Time: 13:26
Sample: 1 20
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.760206	0.380398	-1.998452	0.0630
LOG(IP)	-2.397665	0.391636	-6.122173	0.0000
LOG(CP)	2.870678	0.420159	6.832358	0.0000
LOG(DIV)	0.479808	0.138781	3.457298	0.0032

R-squared	0.944703	Mean dependent var	0.419242
Adjusted R-squared	0.934335	S.D. dependent var	1.843360
S.E. of regression	0.472366	Akaike info criterion	1.514730
Sum squared resid	3.570072	Schwarz criterion	1.713877
Log likelihood	-11.14730	Hannan-Quinn criter.	1.553606
F-statistic	91.11521	Durbin-Watson stat	0.777551
Prob(F-statistic)	0.000000		

4.1 **Estimation of Parameters**

By using E views package, I have:
Log HPR = -0.760206 – 2.397665logIP + 2.870678logCP + 0.479808logDIV.
S.E = (0.380398) (0.391636) (0.4201159) (0.138781)
t-statistic = (-1.998452) (-6.122173) (6.832358) (3.457298)
Prob. Values = (0.0630) (0.0000) (0.0000) (0.0032)
$R^2 = 0.944703$
Adjusted R-squared = 0.934335
F-statistic = 91.11521
DW = 0.777551
Degree of Freedom = 17

4.2 **Interpretation of Parameters**

Interpretation 1

From the result above, the intercept value of -0.760206 signified that if the values of IP, CP, and DIV were zero, then, the mean value of log(HPR) was negative.

Interpretation 2

Thus, the slope coefficient of IP was negative 2.397665. It showed that there was inverse relationship between the initial price and the holding-period return. Consequently, it makes an economic sense as it conforms with the theoretical apriori criteria. Also, the slope coefficient shows that if IP increases by 1%, the HPR will fall by 240% while other predictors are held constant.

Interpretation 3

The partial regression coefficient of CP was 2.870678. Holding all other control variables constant, the slope explained that the HPR increased by 287% as a result of an increase in CP by 1%. Undoubtedly, this makes an economic sense because the apriori expectation is fulfilled and the existing relationship is proportionally direct.

Interpretation 4

Similarly, the partial regression coefficient of DIV was 0.479808. Apart from the fact that it makes an economic sense and the apriori criteria are fulfilled, the relationship between the HPR and DIV is direct. It showed that an increase in DIV by 1% occasioned an increase in HPR by 48% with other explanatory variables held constant.

4.3 **Hypotheses testing using t-statistic at 5% level of significance**

Hypothesis 1

H_0: There is no significant effect of initial price on holding-period return.

H_1: There is significant effect of initial price on holding-period return.

The algebraic expression is:

$H_0: B_1 = 0$ and $H_1: B_1 \neq 0$

The null hypothesis states that, with CP and DIV held constant, IP has no significant effect on HPR. I observed from the result above that t= -6.12, $p < 0.05$. Hence, null hypothesis should be rejected and the alternative hypothesis should be accepted.

Hypothesis 2

H_0: End- of-the period price does not significantly impact on holding-period return.

H_1: End-of-the period price significantly impacts on holding-period return.

The algebraic expression is:

$H_0: B_2 = 0$ and $H_1: B_2 \neq 0$

The null hypothesis states that, with IP and DIV held constant, CP does not impact on the HPR significantly. I observed from the result above that t= 6.83, $p < 0.05$. Therefore, alternative hypothesis was accepted while the null hypothesis would be rejected.

Hypothesis 3

H_0: There is no significant influence of dividend paid on holding-period return.

H_1: There is significant influence of dividend paid on holding-period return.

The algebraic expression is:

$H_0: B_3 = 0$ and $H_1: B_3 \neq 0$

The null hypothesis states that, with IP and CP held constant, DIV does not influence the HPR significantly. I observed from the result above that t= 3.6, $p < 0.05$. Then, null hypothesis was rejected while the alternative hypothesis was accepted.

4.4 R^2 – **Coefficient of Determination**

From the result of the model above, it can be observed that R^2 is 0.944703. This means that the 94.4% of the variation in dependent variable i.e HRP is explained by the variation in the explanatory variables that is IP, CP, and DIV. This shows a very good fit and tells us that about 5.6% systematic variation in the log of HPR is left unaccounted for by the model which is attributable to the stochastic variable that is μ term.

4.5 **DISCUSSION OF FINDINGS**

From the field of study the following findings were discovered:

The result revealed that Initial price of the stock or share significantly affected holding-period return. The nature of the effect was that initial price had inverse relationship with holding-period return. This emphasized that holding-period return decreases whenever initial price increases and as a result the shareholders should hold-on to their investments within that period.

The result showed that End-of-the period price of stock or equity has significant impact on holding-period return. The nature of the impact revealed that there was a linear relationship between end-of-the period price and holding-period return. By implication, stockholders can sell their shares so as to enhance returns within that period.

It was also found out that Dividend paid on stock or share has significant influence on holding-period return. The result revealed that there was a direct relationship between holding-period return and dividend paid. By implication, the stockholders should sell after the payment of dividend as this will enhance return within that period.

5. RECOMMENDATIONS AND CONCLUSION

5.1 **Recommendations**

In view of the discussions and findings above the following recommendations were suggested:

1. The companies' management should utilize their resources very well so that the companies' earnings can improve which in turn will enhance the share price.
2. The shareholders should not be nonchalant to attend the annual general meeting and they should partake actively in electing the right board of directors.
3. Dividend policy should be formulated to encourage shareholders and stimulate investment.

5.2 **Conclusion**

Equity management is based on trust and confidence and immediately the confidence is shaken, it becomes very difficult to win back the trust and confidence of the investors. The poor management of equity by some companies in recent time which led to their liquidation and the multiplier effects of that on the economy was the drive behind this research work.

Therefore, it is concluded that equity management significantly affected holding-period return in Nigerian secondary market.

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