

ABSTRACT

The study examines the efficacy and applicability of various asset-pricing models by testing them against single-sorted and double-sorted portfolios comprising of companies listed on the National Stock Exchange from December 2000 to January 2020. The study also focuses on studying the significance of impact that various factors included in the aforementioned models have on portfolio returns. Going by the results, there is significant size and value effect. The observations also indicate a significant Profitability effect; however, its magnitude is found to be lesser than the Size and Value effects. The same cannot be said of the Investment effect. The study also finds a persistent twelve-month Momentum effect that remains unexplained by asset-pricing models not comprising of a momentum factor. Moreover, no significant evidence was found which would favor the FFFF model over other models. Even though the FFTF model performs comparably against other asset-pricing models that are tested here, the study concludes in favor of the FFTF model as the superior amongst all, owing to the parsimonious nature of the model.