

Abstract

This thesis aims to examine the relationship between various asset pricing factors and the returns of IT stocks in the CEE region. Specifically, it investigates the significance of traditional CAPM beta, MMR (Micro Minus Rest), and ITMR (IT Minus Rest) as potential risk factors in explaining the variations in IT stocks' returns. To achieve this objective, we employed Fama-MacBeth two-stage regression analysis over a dataset comprising monthly returns of 50 CEE IT companies from February 2011 to June 2023. The results of our analysis reveal that there is no statistically significant relationship between the proposed factors and the returns of IT stocks. Thus, there is no evidence that these factors possess explanatory power in the cross-sections of IT stocks' returns in the CEE region. To ensure the robustness of our findings, we applied both univariate and multivariate asset pricing models. Overall, our study does not support the notion that the investigated factors are significant risk factors for the IT sector in the CEE region, as they fail to predict the variations in IT stocks' returns.

JEL Classification G12, G14, G15

Keywords Size premium, Emerging markets, CAPM, Fama-MacBeth regression, Asset pricing

Title Valuation of Companies in the Technological industry of Emerging Markets