

Independent study title	LIQUIDITY AS AN INVESTMENT STYLE: EVIDENCE FROM STOCK EXCHANGE OF THAILAND
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ABSTRACT

This paper finds the relationship between liquidity of stocks which use turnover ratio of stock as a proxy and excess returns explained by four factors from Scherer (2011) consisting of market return, size-effect, value-effect, volatility-effect. I use simple linear regression to find the relationship in 2x3 portfolios and check robustness by split time period into 3 periods and forming more 3x3 portfolios. The datasets that use in this research are from the Stock Exchange of Thailand (SET) during January 2006 to December 2017 which excluding some stocks that least liquid until that can't be traded.

The result show that the intercept term of low liquid stocks also less abnormal return than high liquid stocks with significant also close to zero and R-square in model of high liquid stocks also significantly higher than low liquid stocks. I conclude that high liquid stocks can generate abnormal return in term of individually but I cannot find the significant alpha in the different basis and better explain by four-factor model than low liquid stocks which mean it is good enough for being one of the investment style.

Keywords: Liquidity, Turnover ratio, Asset pricing model, Factor, Abnormal return, R-square