

Independent Study Title	V-SHAPED DISPOSITION EFFECT AND ASSET PRICING IMPLICATIONS: EVIDENCE FROM THAILAND'S STOCK MARKET
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ABSTRACT

Using stock level data, I document that return patterns in relation to proxies of investors' aggregate unrealized gains and losses are consistent with V-shaped selling schedule that is investors' selling propensity increases as the magnitude of unrealized gains and losses increases. The effect of unrealized gains is stronger than that of unrealized losses and this asymmetry underlies the traditional disposition effect hence it is called V-shaped disposition effect. I find that stocks for which investors have large unrealized gains and losses outperform in the following month and a trading strategy based on this effect can generate 1.7% monthly alpha.

Keywords: Disposition effect, Behavioral finance, Asset pricings, Thailand's stock market