

Independent study title	LIQUIDITY AND ASSET PRICING: EVIDENCE FROM A NEW FREE-FLOAT- ADJUSTED PRICE IMPACT RATIO (EVIDENCE FROM THAILAND)
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## **ABSTRACT**

This independent study offers an empirical analysis of the influence of liquidity risk premium factors in influencing portfolio performance on The Stock Exchange of Thailand (SET) between 2012 and 2022. Alongside traditional asset pricing models such as the single-factor CAPM, Fama-French's three-factor model, and the Carhart four-factor model as benchmarks, this research emphasizes the three distinct liquidity risk premium factors: the return-to-volume (RtoV), the return-to-turnover (RtoTR), and the return-to-free-float-adjusted price impact ratio (RtoTRF) into the models. The findings suggest that, although models incorporating each of these liquidity factors, particularly the RtoTRF component, show improved metrics such as Adjusted  $R^2$ , AIC, and BIC, their superiority in terms of performance is not markedly significant when compared to other models.

Keywords: Liquidity, Asset pricing model, Stock, SET