

Independent Study Title	LIQUIDITY PREMIUM AND AUGMENTED CAPITAL ASSET PRICING MODEL: EVIDENCE FROM MARKET FOR ALTERNATIVE INVESTMENT (MAI) THAILAND
Author	Ms. Thantip Suwannarit
Degree	Master of Science (Finance)
Major	Master of Science Program in Finance
Field/Faculty/University	(International Program) Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Assistant Professor Sarayut Nathaphan, DBA.
Academic Years	2014

ABSTRACT

Using a liquidity measure of Lui (2006) to examine liquidity premium in MAI market during period January 2005 to the first quarter of 2015, the study finds that the existence of liquidity premium is inconclusive. This indicates that, liquidity might not be an important pricing factor. A two factor (market and liquidity) model and a four factor (market, SMB, HML and liquidity) model fail to explain the stock return. Only CAPM can explain asset price in this study, while Fama and French three factor model fails to capture return of stock price. The finding of this study is contrary with the previous studies mainly due to data limitation.

Keywords: Liquidity, Asset pricing model , MAI