Independent Study Title	LOW BETA PORTFOLIOS AND STATISTICS OF CONSTITUENT STOCKS: EVIDENCE FROM THE STOCK EXCHANGE OF THAILAND
Author	Mr. Sunchai Anujarawat
Degree	Master of Science (Finance)
Major Field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Associate Professor Tatre Jantarakolica, Ph.D.
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ABSTRACT

According to CAPM, higher expected return of any security only come with higher risk measured by its market beta, where market portfolio (β=1) has highest attainable Sharpe ratio among all risky-asset portfolio. Therefore, low-beta stocks ($\beta<1$) are predicted to generate lower rate of returns and to have no greater Sharpe ratio than the market portfolio. This study examines the existence of low-beta anomaly of stocks listed Thai stock market (SET and SET100) with the data covering from January 2006 to December 2015. Empirically, the prediction regarding to CAPM is not meet and the low-beta anomaly exists in Thai market where the low-beta portfolios achieve higher both rate of return and Sharpe ratio than the market portfolio.

This study also performs multiple regression extended from the standard CAPM to investigate effect of skewness and kurtosis on the excess returns of the low-beta portfolios since CAPM assume normal distribution and investors consider only mean and variance. The test results show significant effect of skewness and kurtosis only on the low-beta portfolio in SET but insignificant for that in SET100. The smaller numbers of observations and lower normality of stocks in SET100 leading to lower power of the test which could be possible explanations for difference in the test results.

Keywords: Low beta portfolio, Low beta anomaly, CAPM, Skewness, Kurtosis