Independent study title	INTANGIBLE VALUE FACTOR IN THE THAI STOCK MARKET
Author	Thanispong Chanpum
Degree	Master of Science (Finance)
Major field	Master of Science Program in Finance (International Program)
Faculty	Faculty of Commerce and Accountancy
University	Thammasat University
Independent study advisor	Associate Professor Bin Zhao, Ph.D.
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ABSTRACT

This paper examines whether incorporating intangible assets into book equity improves the explanatory power of multi-factor asset-pricing models and the performance of value strategies in the Thai equity market. Using data covering 2000–2023, we construct an intangible-adjusted value factor (HML^{INT}) following the approach of Eisfeldt et al. (2022) and compare it with the conventional Fama–French value factor (HML^{FF}).

The first analysis applies the Fama and MacBeth (1973) two-pass regression approach to examine pricing errors, providing a cross-sectional test of model accuracy based on the Fama–French three- and five-factor regressions, both extended to include momentum (UMD). The results indicate that the momentum (UMD) and investment (CMA) factors are the main drivers of expected returns in the Thai market, while the profitability (RMW) and traditional value (HML^{FF}) factors provide limited explanatory power. Although the intangible-adjusted value factor (HML^{INT}) is not statistically significant, its inclusion consistently reduces average absolute pricing errors and slightly improves model performance, suggesting that intangibles refine the measurement of firm value. Average pricing errors decline from approximately 0.9% per month in the four-factor model to 0.5% per month in the six-factor model with HML^{INT}.

The second analysis assesses the factor's performance using time-series regressions based on the same Fama–French frameworks with momentum. The results show that HML^{INT} and HML^{FF} behave similarly in the early years, but a clear divergence arises after 2020. In the second half of the sample period, HML^{INT} delivers statistically significant abnormal returns, equivalent to an additional annualized premium of around 5–6%.

Overall, the findings indicate that recognizing intangible assets within book equity enhances the effectiveness of value strategies in Thailand and improves the accuracy of multi-factor models. These results are consistent with international evidence, although the impact of intangibles emerges later in the Thai context.

Keywords: Value investing, Value factor, Value premium, Book-to-Market, Intangible assets, Intangible capital, Factor models