

Independent study title	FACTOR-BASED INVESTING: EVIDENCE IN THE THAI STOCK MARKET
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ABSTRACT

Factor-based investing has evolved significantly since the introduction of the Capital Asset Pricing Model (CAPM) in the 1960s, with subsequent models expanding to include additional factors influencing asset returns. This research investigates the effectiveness of factor-based investing in the Thai stock market, focusing on beta, size, value, and operating profit factors, using data from the SET100 Index spanning from May 2005 to September 2023. Through empirical analysis, we find that factor portfolios consistently outperform the market benchmark across various subperiods, with the size factor portfolio demonstrating particularly strong long-term performance. Our findings underscore the importance of understanding how factor characteristics drive portfolio returns for efficient factor investing, highlighting the relevance of factor-based strategies in the context of the Thai stock market.

Keywords: Factor-investing, Thai stock market, Beta factor, Size factor, Value factor, Operating profit factor