

# **Asset Growth and Stock returns: Evidence from the Stock Exchange of Thailand**

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## **Abstract**

This study examines the cross-sectional relation between firm asset growth and subsequent stock returns. Asset growth appears to be a strong predictor of future returns. The asset growth can sustain its predictability and dominate other important determinants of the cross-section suggested by previous literatures. The strong predictability of asset growth is due to its ability to aggregate the return effects of each growth components across firm's total investment. Lastly, this study finds evidence that negative relationship between asset growth and subsequent stock returns is consistent with the mispricing.