

Nontawat Thanapairin 2014: A Study of Minimum Rate of Return on Investment in Stock with Put Derivative Warrants in the Stock Exchange of Thailand. Master of Economics (Business Economics), Major Field: Business Economics, Faculty of Economics at Sriracha. Thesis Advisor: Mr. Bhisanuwat Thaweewat, D.A. 114 pages.

Thesis objectives were to (1) study the derivative warrants in the Stock Exchange of Thailand (2) analyze the expected minimum rate of return after deducting investment fee of investor from buying stock with put derivative warrants and (3) identify the condition for arbitrage opportunity from investment according to (2). The study utilized primary data from in-depth interviews and secondary data from academic papers concerned from various sources. The analysis based upon 14 pairs of stocks and warrants from KGI (Thailand) public company limited since July 2013 to calculate cost and minimum rate of return in order to identify arbitrage opportunity by faultcification.

Derivative Warrants are financial instruments type of call warrants and put warrants that the issuers give rights to the buyers to buy the underlying securities in the future at pre-determined price, quantity and period as specified by the issuers Derivative Warrants issuer is a third party, which is not related to the listed company issuing the underlying securities. The study result on the expected minimum rate of return showed that out of 14 pairs of stocks, only pair of Stock PTT and PTT13P1402A could make minimum rate of return after deducted fee at 14.05 percent per year on 30 January 2014 which was higher than fixed deposit interest rate with similar risk and offered a better alternative for investor. The study also indicated that the arbitrage opportunity occurred when capital cost was lower than expected minimum rate of return.

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