Sittipon Saipipun 2007: Response of Value of Unit Trust of Mutual Fund: An Application of AIDS Model. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis Adivisor: Mr. Bundit Chaivichayachat, Ph.D. 122 pages.

This study applied The Almost Ideal Demand System (AIDS) to answer the objective of this study as the response of change in value of unit trust of mutual fund and to know the features of response of demand and mutual fund expenditure. This model could be used as a tool for asset management to design investment policy on mutual fund. This study collected data from 2 periods of time: January 1998-December 2002 and January 2003-May 2006. Then, estimated the model by Seemingly Unrelated Regression (SUR) method and calculated both compensated and uncompensated elasticity of demand.

The results from the first period found that on investment demand of investment expenditure on equity and mixed funds, the investor would consider on expenditure of investable assets more than a price of the mutual fund, contrarily to the case of fixed income fund which investor considered on the price of it more than expenditure of investable assets. On the second period the result showed that on investment demand of investment expenditure on mixed and fixed income funds, the investor would consider on price of it more than expenditure of investable assets, contrarily to the case of equity fund which investor considered on expenditure of investable assets more than the price of mutual fund.

The results replied that during economic recession, due to the investor behavior of quite decreasing investment demand on equity and mixed fund, one who do asset management should postpone these investment project and seriously raise through the fixed income fund project owing to the investment demand of fixed income fund is less affected by economic fluctuation. While during the expansion period of economic and mutual fund business, the asset management should actively create mixed and fixed income fund projects more than those of equity funds and should raise only one type of fixed income fund or mixed fund during the same period of time.

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