

[Home](#) [Publications](#) [Departments](#)[Advanced](#) search

Value Investing and The Magic Formula - a method for successful stock investments

Goumas, Andreas ^{LU} and Källström, Peter

(2010) NEKK01 20101

Department of Economics

[Mark](#)

Abstract

With this thesis we want to prove that by using a single formula for picking stocks, Joel Greenblatt's "Magic Formula", it is possible to achieve returns higher than those achieved by a related index. To prove this, we will construct a portfolio, according to "The Magic Formula", and backtest the portfolio in the Swedish stock market. The test period will be March 1999 to January 2010 and we will compare the results with indexes such as OMX SPI and OMX S30. In order to measure our portfolios performance in relation to the overall market and the risk taken, we will use Fama's and French's "Three Factor Model", Sharpe-ratio and Treynor-ratio as measurements. When we tested the "The Magic Formula" portfolio with Fama's and French's "Three... [\(More\)](#)

Please use this url to cite or link to this publication: <http://lup.lub.lu.se/student-papers/record/1604111>[Details](#)[BibTeX](#)

author Goumas, Andreas ^{LU} and Källström, Peter
supervisor Hossein Asgharian ^{LU}
organization Department of Economics
course NEKK01 20101
year 2010
type M2 - Bachelor Degree
subject Business and Economics
keywords Stock Market, Magic Formula, Joel Greenblatt, Value Investing
language Swedish
id 1604111
date added to LUP 2010-05-17 11:42:26
date last changed 2010-05-17 11:42:26

[Open Access](#) | [PDF](#)

Links

[Document download statistics](#)