

Enter your search terms here



Advanced search

[Home](#) / [Journals](#) / [International Journal of Managerial Finance](#) / [Volume 1 Issue 3](#)
/ Adjusting P/E ratios by growth and risk: the PERG ratio

To read this content please select one of the options below:

Add to cart

32.00€ (excl. tax)
30 days to view and
download

Access through your institution

Access and purchase options 

Adjusting P/E ratios by growth and risk: the PERG ratio

[Javier Estrada](#) [International Journal of Managerial Finance](#)

DOWNLOADS

 3847

ISSN: 1743-9132

Article publication date: 1 September

Standard

2005

Serial

Number.)

[Permissions](#) 

Abstract

Purpose

The purpose of this study is to compare the performance of a low-P/E strategy relative to that of two alternative value strategies, one based on the PEG ratio and another on the PERG ratio (a magnitude introduced in this article).

Design/methodology/approach

The data used consists of a sample of 100 US companies between January 1975 and September 2002. Portfolios are formed on the basis of different valuation ratios, and their performance is compared in order to determine the best-performing strategy.

Findings

Portfolios sorted by PERG ratios outperform, on a risk-adjusted basis, those sorted by both P/E ratios and PEG ratios. This outperformance occurs regardless of whether portfolios are not rebalanced, rebalanced every ten years, or rebalanced every five years.

Research limitations/implications

The sample of stocks is not large. The results could be validated by using a larger sample of US stocks and a longer time period, as well as by using a sample of stocks from several international markets.

Practical implications

The PERG ratio is a new magnitude that can be used to

We are using cookies to give you the best experience on our website, but you are free to manage these at any time. To continue with our standard settings click "Accept". To find out more and manage your cookies, click "Manage cookies".

Accept

[Manage cookies](#)

by analysts.

Originality/value

A new valuation tool is proposed, called the PERG ratio, that adjusts P/E ratios by both growth and risk (or, similarly, PEG ratios by risk).

Keywords

Price earning ratio

Business development

Strategic objectives

Numerical analysis

Citation

Estrada, J. (2005), "Adjusting P/E ratios by growth and risk: the PERG ratio", [International Journal of Managerial Finance](#), Vol. 1 No. 3, pp. 187-203.

<https://doi.org/10.1108/17439130510619631>





 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited

Copyright © 2005, Emerald Group Publishing Limited

[Support & Feedback](#) ▲ [Manage cookies](#)


Emerald
logo

   
© 2024 Emerald Publishing
Limited

Services

[Authors](#)

[Editors](#)

[Librarians](#)

[Researchers](#)

[Reviewers](#)

About

[About Emerald](#)

[Working for Emerald](#)

[Contact us](#)

[Publication sitemap](#)

Policies and information

[Privacy notice](#)

[Site policies](#)

[Modern Slavery Act](#)

[Chair of Trustees governance
statement](#)

[Accessibility](#)