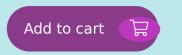
Enter your search terms here



Advanced search

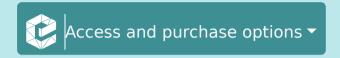
<u>Home</u> / <u>Journals</u> / <u>International Journal of Managerial Finance</u> / <u>Volume 1 Issue 3</u> / Adjusting P/E ratios by growth and risk: the PERG ratio

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



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





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

DOWNLOADS

3847

Javier Estrada ▼

<u>International Journal of Managerial</u>

<u>Finance</u>

ISSN: 1743-9132

Article time ation date: 1 September

Standard 2005, Permissions 🗹

Number.)

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

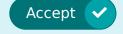
Portfolios sorted by PERG ratios outperform, on a riskadjusted basis, those sorted by both P/E ratios and PEG ratios. This outperformance occurs regardless of whether portfolios are not rebalanced, rebalanced every ten years, or rebalanced every five years.

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

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".



Manage cookies

X

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



Citation

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

https://doi.org/10.1108/17439130510619631



Publisher: Emerald Group Publishing Limited Copyright © 2005, Emerald Group Publishing Limited



Emerald logo

f in □ © © 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