







Q

Home ► All Journals ► Economics, Finance & Business ► Applied Economics Letters ► List of Issues ► Volume 12, Issue 13 ► An investment strategy based on gearing

Applied Economics Letters >

Volume 12, 2005 - Issue 13

6,530 5
Views CrossRef citations to date Altmetric

Original Articles

An investment strategy based on gearing ratio

Pages 801-804 | Published online: 21 Aug 2006

Sample our
Economics, Finance,
Business & Industry Journals

>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

66 Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

This study investigates the predictive ability of gearing in the long term for UK firms. Robustness tests are carried out to examine the returns in excess of that attainable using book to market, price earnings and size as risk factors. It is shown that by pursuing an investment strategy based on gearing ratios and a holding period of three years, returns of 9.9% in excess of market return are attainable. Excess returns, up to 21% are attainable when portfolios are constructed based on price earnings ratio and gearing ratio.

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email



Sign me up











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions

Taylor and Francis Group

Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG