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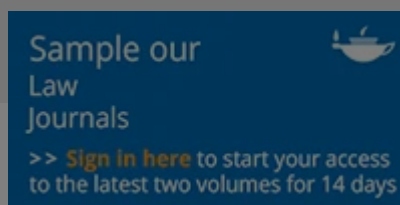
FEATURE ARTICLES

Overreaction, Underreaction, and the Low-P/E Effect

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Abstract

Although earnings surprises have been studied extensively, they have not been examined in the context of contrarian strategies. Positive and negative earnings surprises affect “best” (high-P/E) and “worst” (low-P/E) stocks in an asymmetric manner that favors the “best” stocks.

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