

ABSTRACT

Value and momentum investing strategies are widely known, and both have been proven to predict the cross-section of stock returns. Could it be that these the two strategies are related? The measures on which momentum and value strategies are based, are negatively correlated, and yet both strategies are positively related with stock returns. Within this thesis we examine whether, for the European Stock Exchange, each strategy works individually and in interaction with the other variable. First, we find that the value strategy does not work in general, and a growth strategy should be favored. Second, we find that the momentum strategy works in general, and is strongest (weakest) among high or low value stocks (mid value stocks). Furthermore, we find that the holding period has a substantial influence.