

## **ABSTRACT**

*This research aims to clear the ambiguity in superiority between value and growth stocks strategy, particularly in Indonesia. Furthermore, we attempt to develop investment strategy on Indonesia Stock Market based on picking method using Price to Earnings (P/E), Price to Book Value (P/B), Price to Cash Flow (P/C) in relation with time period. This research conducted on non-financial companies listed in Kompas100 Index from 2003 to 2018 period. We are in compliance with previous research such as Fama and French (1992; 1998), Capaul et al. (1993), and Lakonishok et al. (1994).*

*We conduct the research by using portfolio analysis method. By using this method, we formed portfolios and determined its average equally weighted return. After portfolios return are calculated, we proceed to conduct T-test to determine the difference in return between stock types (value and growth) during our research period. Last but not least, we conduct 3-way ANOVA test to find out any interaction regarding the performance of our variables.*

*The results showed that value stocks outperform growth stocks based only on P/E and P/B ratio. The ANOVA test showed that after at least 1 year period, our investment starting to yield at least 76% of our initial investment. Also, the ANOVA test reaffirm the long-established result that value outperform growth stocks in general. Lastly, there are no differences between P/E, P/B and P/C ratio performance as sorting tool to classify value and growth stocks.*

*Keywords: value stocks, growth stocks, portfolio analysis, P/E ratio, P/B ratio, P/C ratio*