

# Are rankings of financial analysts useful to investors?<sup>☆</sup>

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## Abstract

Several institutions issue rankings of financial analysts based on the accuracy of their price and EPS forecasts. Given that these rankings are *ex-post* they may not be useful to investors. In this paper we show that trading strategies based on perfect foresight and on past rankings outperform a passive strategy. In addition, we report that investors are better off following analysts that issue accurate price targets rather than following those with accurate EPS forecasts

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