

Abstract

This thesis conducts a meta-analysis to investigate the relationship between earnings yield and expected stock returns. By compiling and analysing data from numerous empirical studies, we aim to determine the extent to which earnings yield can serve as a reliable predictor of stock returns. Several statistical tests indicate the existence of publication selection bias and imply a reduced effect size in relation to earlier findings. Additionally, we employ Bayesian Model Averaging to account for heterogeneity across different studies. Our findings suggest that while earnings yield significantly affects stock returns, this effect is often overstated due to publication bias. The results underscore the importance of considering publication bias in financial meta-analyses and provide a more nuanced understanding of the earnings yield-stock return relationship.