

Here's how to have cake and eat it, too

While the idea of buying cheap stocks with share-price momentum may sound oxymoronic, history suggests that strategies combining valuation and stock-performance metrics are highly effective.

One of the biggest risks of buying value stocks is buying too early — and being stuck with a bargain-priced stock for many years. A major risk of buying based on share-price momentum is buying too late — after a stock has already outrun its fair value. To reduce these risks, look for value stocks displaying relative share-price strength.