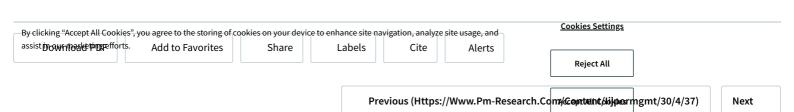


Abstract

Article

(/)

abnormal return on a portfolio. A prediction model built on public information variables can forecast the upcoming movements of the two indexes for 1978 through 1999. Even with transaction costs, out-of-sample tests show an investor can rely on model signals to allocate assets between the indexes and produce significantly more terminal wealth than would passive portfolios invested in either index alone.









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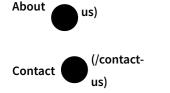
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