

[Home](#) > [Journal of Asset Management](#) > Article

# A multivariate dichotomic approach for tactical asset allocation

| Paper | [Published: 01 October 2005](#)| Volume 6, pages 206–218, (2005) [Cite this article](#)[Journal of Asset Management](#)[Aims and scope](#) →[Submit manuscript](#) →[Mathieu Roberge<sup>1</sup>](#) & [Cécile Le Moigne](#) 24 Accesses 3 Citations [Explore all metrics](#) →

## Abstract

This paper revisits the problem of tactical asset allocation which consists in predicting which of bonds or stocks will perform better over the next period. A multivariate dichotomic framework is presented to address this problem. The model correctly predicts 62.5 per cent of the out-of-sample months and leads to a better economic performance than the results obtained by more classical methods such as linear and logistic regression or discriminant analysis. Moreover, an investment strategy based on the prediction from the model dominates more naive strategies that every month invest 60 per cent in stocks and 40 per cent bonds or 100 per cent in stocks.

This is a preview of subscription content, [log in via an institution](#) to check access.

## Access this article

[Log in via an institution](#) →

[Buy article PDF 39,95 €](#)

Price includes VAT (Poland)

Instant access to the full article PDF.

Rent this article via [DeepDyve](#) 

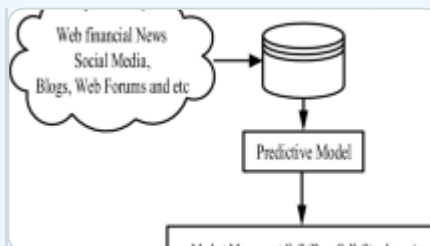
[Institutional subscriptions](#) →

## Similar content being viewed by others



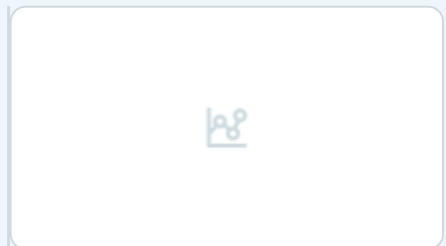
**Artificial intelligence in Finance: a comprehensive review through bibliometric and content analysis**

Article | Open access  
20 January 2024



**A systematic review of fundamental and technical analysis of stock market predictions**

Article | 20 August 2019



**Diversification and portfolio theory: a review**

Article | 04 June 2020

## Author information

### Authors and Affiliations

**Caisse de dépôt et placement du Québec, Investment Policy Research,  
1000 Place Jean-Paul-Riopelle, 9th floor, Montreal, H2Z 2B3, Quebec,  
Canada**

Mathieu Roberge

[Reprints and permissions](#)

## About this article

---

### Cite this article

Roberge, M., Le Moigne, C. A multivariate dichotomic approach for tactical asset allocation. *J Asset Manag* **6**, 206–218 (2005). <https://doi.org/10.1057/palgrave.jam.2240176>

Received

14 April 2005

Published

01 October 2005

Issue Date

01 October 2005

DOI

<https://doi.org/10.1057/palgrave.jam.2240176>

### Keywords

[predictive models](#)

[market timing](#)

[tactical asset allocation](#)

## Search

Search by keyword or author



## Navigation

Find a journal

Publish with us

