

[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](#)[Save article](#)[View saved research](#) >[Journal of Asset Management](#)[Aims and scope](#) →[Submit manuscript](#) →[Mathieu Roberge¹](#) & [Cécile Le Moigne](#)[30](#) Accesses [4](#) 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.

Access this article

Log in via an institution 

Subscribe and save

 Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

View plans 

Buy Now

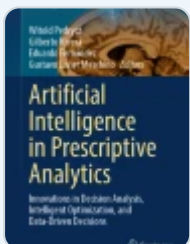
Buy article PDF 39,95 €

Price includes VAT (Poland)

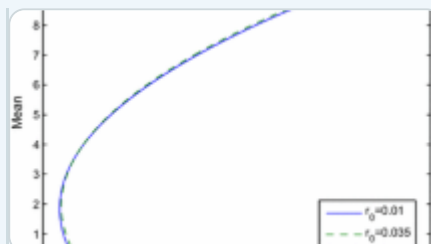
Instant access to the full article PDF.

[Institutional subscriptions](#) 

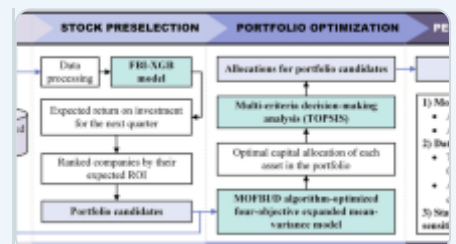
Similar content being viewed by others



A New Methodology Based on Multicriteria Ordinal Classification for the Management of Financial...



Optimal mean–variance asset-liability management with stochastic interest rates and inflation risks



Leveraging ensemble learning-based stock preselection with multiobjective investment optimization for...

Article | Open access

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Investment Appraisal](#)[Mathematics in Business, Economics and Finance](#)[Mathematical Finance](#)[Multivariate Analysis](#)[Operations Research and Decision Theory](#)[Quantitative Finance](#)

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

Rights and permissions

[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

DOI

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

Published

01 October 2005

Issue date

01 October 2005

Keywords

- [predictive models](#)
- [market timing](#)
- [tactical asset allocation](#)

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research