USING EARNINGS YIELD FORECASTS TO PERFORM AN EFFICIENT ASSET ALLOCATION STRATEGY

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USING EARNINGS YIELD FORECASTS
TO PERFORM AN EFFICIENT ASSET
ALLOCATION STRATEGY
如何運用盈利率預測作出適當「資產調配」的投資策略

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Abstract

The aim of this study is to construct an earnings yield model for the asset allocation process using interest rate related and macro-economic factors. The model is applied in a country and an industry analysis. The results of the former are found to be significant for developed countries but not for certain Asian countries, where domestic factors are still found to be of vital importance. In contrast, the industry model performs better for Asian markets than for developed markets, working especially well for defensive sectors, such as the consumer staples, energy, utilities and telecom sectors. Both the country and industry models are re-tested by limiting the study period to a more recent five-year period and their efficiency improves greatly. This implies that the globalization effect is increasing, and has spread from the country to the industry level. The implication for investors is that they may need to look for alternative asset classes to diversify their portfolio risk.
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