ABSTRACT
In this paper the joint distribution of real quarterly returns on equities and bonds in South Africa over the past 56 years is tested for elliptical symmetry. The author is unable to reject the hypothesis that this distribution is elliptically symmetric. On the basis of these results it is argued that the CAPM may be used in the modelling of real returns for the market-consistent pricing of liabilities, for investment-management benchmarking and for the determination of capital adequacy.

KEYWORDS:
Capital-asset pricing model; elliptical symmetry

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