

Editor Decision Letter - Round 2

Journal: Journal of Financial Economics **Manuscript ID:** JFE-2024-1847-R1 **Title:** Narrative-Break: Integrating Structural Break Detection with Multi-Source NLP Signals for Dynamic Portfolio Optimization **Authors:** Joerg Osterrieder **Decision Date:** Day 120 (Simulated) **Decision:** Minor Revision

Dear Prof. Osterrieder,

Thank you for submitting your revised manuscript. I have now received follow-up reports from Reviewers 1 and 2 (Reviewer 3 was satisfied with the initial revision and declined to review again).

Both reviewers acknowledge the substantial improvements made in this revision. The new calibration validation, real-data case study, and enhanced statistical analysis address the major concerns raised in Round 1.

However, a few minor issues remain before the paper can be accepted:

Remaining Issues

1. **Reviewer 1** requests additional clarification on the Bayesian regularization of HMM transition probabilities and suggests a minor reorganization of the appendices.
2. **Reviewer 2** asks for explicit acknowledgment of the Bonferroni-corrected significance level in the abstract and conclusions, given that the unadjusted p-value was previously emphasized.
3. Both reviewers suggest minor edits to improve clarity in specific sections.

Decision: Minor Revision

These are straightforward revisions that should not require significant additional work. Please submit your revision within **30 days**.

Reviewer Recommendations

Reviewer	Previous	Current
Reviewer 1	Major Revision	Accept with Minor Revision
Reviewer 2	Major Revision	Minor Revision
Reviewer 3	Minor Revision	[Declined further review]

I am encouraged by the progress and anticipate accepting the paper after these minor changes.

Sincerely,

Prof. [Simulated Editor] Associate Editor Journal of Financial Economics

Note: This is a simulated review for demonstration purposes.