Case 1 – density combination of M1 and M2 -11600Optimal Weight: 0.74 -11700 predictive socre LPS: -11583.9415 -11800 Simple Average: -11629.9437 -11900 -12000-121000.00 0.25 0.50 0.75 1.00 Weight on M₁

 $N = 10000, \, \beta_1 = 3, \, \beta_2 = 2, \, var(X_1) = 1, \, var(X_2) = 1, \, cov(X_1, \, X_2) = 0.3$