The leverage aversion theory implies that returns to the betting-against-beta (BAB) strategy are predictable by past market returns: An outward shift in investors' aggregate demand function simultaneously increases market prices and increases the expected future BAB return. This paper confirms the prediction empirically and finds that the BAB strategy performs better in times when and in countries where past market returns have been high. Timing-strategies that are long BAB half the time and short BAB half the time, based on past market returns, have realized strong historical performance.