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We lead off our Winter 2002 issue with an article by Anson that looks at a new type of investment: interval funds. Interval funds are a hybrid vehicle initially invented to address the pricing discounts associated with closed-end funds. More recently, mutual fund companies have used these funds to invest in private equity. This article gives an overview of these funds, what they are and how they work compared to private equity investments.

Our next article by Keon, Coleton, Stergis, and Ramirez examines the problems associated with the use of standardized unexpected earnings (SUE) in the current market environment. Arshanapalli, Coggin, and Nelson who find that the January effect once thought limited to small-cap stocks is also evident in the value-growth spread of both large- and small-cap stocks follow this.

Bein and Wander then provide a conceptual framework for determining the extent to which successful performance is due to luck versus skill. Elnekave analyzes the question of the ideal portfolio size as a statistical sampling problem, as the outcome of the fundamental law of investing, and as the result of iterative simulations.

A study from Soussanov and the Russian Financial Academy illustrates differences in data from sources in the emerging Russian market, a reminder to portfolio managers of the limitations of the data they use to make investment decisions. Kish and Thode examine the connection between political power and market returns.

Meric, Coopersmith, Wise, and Meric conclude that investment in other major stock markets provides little or no diversification benefit to U.S. investors in severe bear markets. Fender examines the question of whether investors should include international equities in their investment portfolios. We conclude our issue with a discussion by Vinod and Morey of estimation risk in the Morningstar mutual fund rating system. They caution that investors should be less confident of the ratings for newer funds.

We look forward to your feedback, which can be sent to us at journals@investmentresearch.org.

Brian Bruce, Editor-in-Chief
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