

THE JOURNAL OF INVESTING

VOLUME 17, NUMBER 4

WINTER 2008

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We open our Winter issue with Speidell's commentary on frontier markets. He provides evidence that frontier markets continue to provide useful diversification benefits. Graham defined a bargain issue as one that appears to be worth considerably more than it is selling for; Xiao and Arnold examine the validity of Graham's strategy in current markets. Next, Block discusses the decrease in the importance of dividends and its effect on investors. McQuarrie demonstrates that solutions to the problems inherent in pure cap-weighting can readily be found in an equal-weight index.

Lawson examines three quality signals that combine into one generalized quality indicator that adds value across different size dimensions and when sector neutralized; this indicator had the greatest power in a growth universe. This is followed by an article by Cohen, Scanlon, and O'Hara that evaluates the state of American retirement, making suggestions for government, the private sector, and individual changes.

Tower and Yang compare passive and enhanced index funds, specifically looking at the fees charged for advisors and transactions. Noting the attention behavioral finance has received in academia over the past 15 years or so, Wright, Banerjee, and Boney consider the question of its acceptance by the practitioner community. Haslem examines the use of investment advisors by individual mutual fund investors. Hsu and Chang study the evolution and long-run performance of venture-backed and non-venture-backed firms.

Next Sneddon demonstrates how to expand single-period analysis of active management to match the practical, multiperiod world. We conclude this issue with Girard and Hassan's examination of the performance of Islamic indexes; they determine the Islamic indexes do not differ from conventional counterparts.

As always, we hope you find the articles presented useful and thought provoking. You can e-mail comments or suggestions to us at journals@investmentresearch.org.

Brian R. Bruce
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