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Our Fall issue opens with commentary by Thatcher. He discusses the Efficiency Hypothesis vs. the Purity Hypothesis. He concludes that data upholds the Purity Hypothesis for the ten-year period ended 2007, but its effectiveness on a single-year basis varies by index provider. Domian and Reichenstein update prior studies and present new evidence on the predictability of stock market returns. This is followed by Black's examination of the relationship between the increase in commodity prices and the amount of institutional assets dedicated to commodity investments. Investors who perceive themselves to possess superior security selection skill will want to invest more heavily in securities with high volatile and skewed returns because it is among those securities that the largest winners can generally be found. Cornell presents a model that develops the implications of these observations.

Although there has been a trend over recent years of regionalism in pursuing economic goals, many countries within a region appear to be moving closer to each other. Raju and Khanapuri examine the extent of integration of six prominent emerging Asian countries. This is followed by Goldwhite's discussion of volatility in times of risk aversion. Callaghan, Murphy, Parkash, and Qian conclude that stock prices are a rational function of forecasts of long-term earnings growth, as is consistent with efficient markets that are not excessively focused on the short-term bottom line. Clark and Hood outline some policy parameters for designing a new investment vehicle, with similar features to today's target date fund that is specifically designed for investors in the withdrawal phase.

Ferguson, Leistikow, and Yu demonstrate the danger from being too aggressive that is not reflected in the arithmetic return mean-variance frontier because expected arithmetic return is a poor indicator of long-term arithmetic return. With the continued interest in Socially Responsible investing, we conclude this issue with de Graaf and Slager's discussion of grouping SRI strategies in ethically-based, investment-driven and value-ensuring objectives. They demonstrate that this categorization strengthens decision-making in SRI.

As always, we welcome your submissions. Please encourage those you know who have good papers or have made good presentations on trading related subjects to submit them to us. Submission guidelines are included in this issue. We value your comments and suggestions so please email us at journals@investmentresearch.org.

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