THE JOURNAL OF

INVESTING

VOLUME 19, NUMBER 4 WINTER 2010

We lead off our Winter issue with Block's discussion of valuation methods. He demonstrates that the methods most analysts prefer are not those most prominently documented in investment materials. Heidorn, Kaiser, and Kleinert investigate the differences in performance of funds of hedge funds, concluding they result from differences in fee structures and home bias. This is followed by Haslem's study of the engagement of financial advisors by individual investors in light of the financial crisis. Jennings addresses the question of many investment committees when considering an investment in a new asset class—is it more stock-like or bond-like? He provides a tool to help investors with this categorization. Next, Zhang, Lin, and Shin examine analyst behavior around the announcement of S&P Index inclusions, concluding the event alters analysts' credibility.

Deng, McCann, and O'Neal examine the ability of bond mutual fund investment managers to manipulate the average credit quality ratings of their portfolios. Pukthuanthong discusses the effects of profit warning statements on companies' short and long performance. This is followed by Spilioti and Karathanassis, who compare the performance of traditional valuation models with a clean-surplus valuation method. This section concludes with Andoseh's discussion of interest sensitivity as it relates to growth and value stocks and large-cap and small-cap stocks.

In this issue's Special Section, we are covering the topic of quantitative investing. In the years following the crash of 1929, we saw the evolution of both value and growth investing. These contradictory approaches to money management would eventually play an important role in institutional investing. In the aftermath of the most current crisis, there has again been new directions in institutional investing, especially in terms of quantitative investing. Since quant investing's growth in the mid-2000s, its popularity has waned, and quants have re-worked their processes and models to reflect the new realities in the markets. These changes make this a good time to address a variety of topical subjects in the area of quantitative investing.

We hope the journal's new focus will continue to provide you with the most usable and cutting-edge institutional investment articles available.

As always, we welcome your submissions. We value your comments and suggestions so please email us at journals@investmentresearch.org.

Brian R. Bruce
Editor-in-Chief

Publisher's Note:

We are listening! *The Journal of Investing* has a new look, presents even more practical and applicable articles, and will include a special section of interest to our readers in every issue. JOI's Editor, Brian Bruce, offers that "JOI is a readable journal where you'll find at least one investable idea in every issue." We welcome your feedback and if there is a trend or topic that you feel warrants greater depth, please send it along and we will consider it for our special section. We hope that you enjoy reading JOI and utilizing Institutional Investor Journals' research platform at www.iijournals.com or www.iijoi.com. We look forward to hearing from you and thank you for subscribing to *The Journal of Investing*.

Eric M. Hall
Publisher, Institutional Investor Journals, ehall@iijournals.com