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We are pleased to bring you this issue with a special section dedicated to the timely and important topic of risk parity. We would like to thank Ramu Thiagarajan for his outstanding contribution to the issue.

Brian R. Bruce
Editor-in-Chief

The worst recession since the Great Depression decimated pension assets and reversed the value added over many years. Plan sponsors and their consultants realized the dark side of both the explicit and latent correlations of many "diversifying" assets with equities. There has never been a time in recent memory when "policy portfolios" used by allocators (and guided by consultants) have come under worse attack. One alternative that has been advanced and been widely discussed in recent times is the "risk parity" paradigm that attempts to equalize risk contributions from the assets included in the portfolio.

This paradigm seems to have gained considerable attention recently from the allocators. *Pensions & Investments* reported in April 2010 that at least three large public plans have accepted the arguments implicit in risk parity and made corresponding shifts to their plans. In anticipation of (and in response to) this, investment offerings under this paradigm from many leading asset managers have increased significantly in recent times. While the popularity of this paradigm has never been higher, many questions remain about the theoretical basis of this approach, its ability to continue to deliver superior returns in comparison to other approaches (such as mean-variance or 1/n portfolios), as well as the costs of shifting to this approach.

Brian and I have been asked many of these questions in our interactions with plan sponsors and pension consultants since 2008. We thought it would indeed be very timely to bring together great researchers on this topic and

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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.

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present a special volume to our readers. I was thrilled to have the opportunity to edit this special volume. In the process, I have had the opportunity to interact with some of the best minds in the business on the research, portfolio management, and policy areas of this important topic. I owe a big debt of gratitude to my many friends in the industry and academia who helped me with the review process. I owe a special thanks to my old friend and research partner, Barry Schachter, who worked with me in putting together the summary and review piece that appears in this volume.

I hope the readers find this volume useful in understanding this important topic and that it motivates more research about risk parity's place in policy portfolio discussions and implementation

S. Ramu Thiagarajan
Special Editor