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**O**n behalf of *The Journal of Investing*, we thank John Guerard for his efforts on this special quantitative investing issue.

In addition to the articles from the McKinley Capital Management Research Seminar, the issue includes Yan, Zhao, and Sun's study of herding and momentum at the industry level. They find that the momentum effect is magnified when there is a low level of investor herding. Tower uses Tobin's  $q$ , momentum, the Campbell–Shiller CAPE, and a new variant of the CAPE—the CAPER—to predict the stock market. We close the issue with Kaya, Lee, and Wan, who examine the idea of displacing “asset classes” with “risk classes” for the purpose of asset allocation and find that the practical application of the risk class approach presents its own set of challenges.

As always, we welcome your submissions. We value your comments and suggestions, so please email us at [journals@investmentresearch.org](mailto:journals@investmentresearch.org).

**Brian Bruce**  
**Editor-in-Chief**

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**W**e were very pleased when Brian Bruce, *The Journal of Investing's* editor-in-chief, asked me to invite the speakers from the McKinley Capital Management Research Seminar to submit articles for this special issue. At McKinley, we believe in testing not only models, but also the research tools used to develop and estimate models and construct portfolios. The old adage of “garbage in, garbage out” applies equally well to various investment tools and to data. McKinley hosted an afternoon Research Seminar on Friday, July 15, 2011. The speakers exchanged ideas in a (relatively) noncompetitive environment and heard each other’s research and presentations. We discussed topics and issues in applied investment management and how tools are becoming developed, estimated, and implemented to address our clients’ needs. The speakers and topics included:

- D.J. Orr, MSCI Barra, “Spectral Corrections for Optimized Portfolios”
- Laurence Wormald, Sungard APT, “Optimization and Reverse Stress Testing with APT Risk Models”
- Anureet Saxena, Axioma, “Factor Alignment Problems: Sources, Effects, Analysis, and Solutions”
- Samuel Choo, FactSet Research Systems, “Mixing and Matching: An Agnostic Platform for Portfolio Construction, Management, and Risk Measurement”

The articles submitted by these speakers were peer reviewed. The time and effort of the following reviewers is greatly appreciated and acknowledged: Shijie Deng, Georgia Institute of Technology; Richard Michaud, New Frontier Advisors; Robert Michaud, New Frontier Advisors; Robert Korajczyk, Northwestern University; James Vander Weide, Duke University; Mustafa Gultekin, University of North Carolina, Chapel Hill; and Alan King, IBM.

Finally, we are delighted and grateful to Harry Markowitz for contributing an “Introduction” to this special issue.

**John B. Guerard, Jr.**  
**Special Editor**