THE JOURNAL OF

INVESTING

VOLUME 21, NUMBER 3 FALL 2012



Over the years, the concept of strategic asset allocation has changed significantly. Those in charge of strategic asset allocation use a wide variety of asset classes. We open our Fall issue with Thiagarajan and Han, whose article expands the traditional strategic asset allocation framework to accommodate seven different and popular sources of additional exposure. Palkar and Wilcox present a model with which they identify several factors that determine how sensitive the equity price will be to changes in expected inflation. Based on documented research that different asset classes respond differently to different economic drivers and asset class behavior can vary significantly over shifting economic scenarios, Sheikh and Sun develop a quantitative framework for asset allocation. This is followed by Bell's discussion of the theory that market prices in contemporary financial markets are driven by the value of information multiplied by a factor of the information's velocity. Pfeiffer and Evensky then refute claims that active fund managers add alpha in recessions. Lui and Hu propose data mining techniques to explore relationships between price movements and price vectors automatically as an alternative to technical analysis.

Our special section for this issue is on risk parity. Sebastian discusses risk parity in the context of a total institutional portfolio, examining the role of fixed income and the limitations of leverage. Bhansali presents some of the relevant points to be examined in active risk parity portfolio construction. This is followed by Qian's discussion of risk parity as an alternative solution in helping plan sponsors manage asset liability. Bhansali, Davis, Rennison, Hsu, and Li then present an article demystifying and making more explicit the drivers of performance and risks of asset-based risk parity portfolios. Next, Steiner provides a short introduction to risk party and introduces robust risk parity, a simple formula that allows the construction of portfolios with equal contributions to volatility for arbitrary large asset universe. The use of frontier markets for global managers from a risk parity perspective is discussed by Chan-Lau. We conclude the issue with Chaves, Hsu, Li, and Shakernia's presentation of two simple algorithms to calculate the portfolio weights for a risk parity strategy.

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

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