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Many regard return reversals in financial markets as a powerful phenomenon. Smith and Pantilei examine the performance of a strategy that takes advantage of the return reversals in national equity markets. This is followed by Papaioannou, Park, Pihlman, and van der Hoorn, who identify the main factors that account for the procyclical investment behavior of major institutional investors during the global financial crisis. Overbey discusses the possibility of a significant downturn in currently popular, high "risky" assets like high-yield bonds, REITs, commercial mortgage backed securities, and asset backed securities. Next Chen, Da, and Schaumburg examine an alternative and equivalent Black and Litterman formula using classical multivariate analysis. Cornell discusses the impact of share repurchases on dividend discount models and the suggestion of using total yield as opposed to dividend yield.

Our special section in this issue covers emerging and frontier markets. The potential for greater growth than more-developed economies makes them very appealing to investors. We open the section with Liu, Borgia, and Jones introducing a method for valuation that backs out the short-term expected growth rate of Chinese equity, which is found to be much higher than the actual rate. Meziani evaluates emerging markets to determine whether there are increased risks and greater liquidity issues that would preclude investment. Putnam and Azzarello examine the causes and mechanics of the currency contagion in emerging market countries. Plagge discusses the exposure concept as an alternative to direct investment in emerging markets. This involves investing in companies that are incorporated and locally listed in developed markets but generate a significant share of revenues in emerging markets. Li and Pritamani examine size and momentum effects based on country index returns for a universe of emerging and frontier market countries. Howell uses macroeconomic data on credit and capital flows to examine recent deterioration in frontier and emerging market risk. McGlone discusses the increase in demand for precious metals when there is rapidly increasing per capita income in emerging markets.

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

Brian Bruce
Editor-in-Chief