

THE JOURNAL OF
INVESTING

VOLUME 24, NUMBER 2

SUMMER 2015

BRIAN R. BRUCE Editor-in-Chief
NICK MENCHER Executive Editor
DEBORAH TRASK Managing Editor

HARRY KATZ Content Production Director
DEBORAH BROUWER Production/Design

CATHY SCOTT Content Director

DESSI SCHACHNE Marketing Director
SHARON CHIEN Marketing Manager

DAVID MARKS Account Manager
DENISE ALIVIZATOS Account Manager

WILLIAM LAW Regional Sales Manager

DEWEY PALMIERI Reprints Manager

VINCENT YESENOSKY Head of U.S. Fulfillment
CHERLY BONNY Customer Service Manager

BEN CASTLE Finance Manager
NICOLE FIGUEROA Business Analyst

DAVE BLIDE Associate Publisher
BHUVNA DOSHI Digital Advertising Operations

DAVID ANTIN CEO
ALLISON ADAMS Group Publisher

We open our Summer issue with Podkaminer's examination of alternative index strategies or "smart beta" focusing on each strategy's tilt. Meinhardt, Mueller, and Schoene compare the tracking ability of ETFs based on physical replication of their benchmark indexes to those of synthetic ETFs. This is followed by Deng, Dulaney, Husson, McCann, and Yan who examine the ex post returns earned by structured product investors. Cheng and Zhang address the question of why dividend yield has lost its predictive ability. Jones and Allen discuss the volatile nature of the premiums and discounts embedded in the prices of VIX futures contracts. Klement analyzes the correlation of equity market returns with economic growth for small, medium-sized, and large corporations in both developed and emerging nations. Ameer investigates the idiosyncratic risk of investing in the Islamic capital market equities. Farooqi, Ngo, Huerta-Sanchez, and Chen examine whether investors can execute profitable momentum strategies using Shari'ah compliant stocks to enhance returns.

Our special section for this issue covers tail risk. The financial crisis of 2008–2009 left many investors looking for ways to avoid extreme losses. Tail risk control has become of increasing interest in that regard. Thiagarajan, Alankar, and Shaikhutdinov provide an overview of the multifaceted topic of tail risk as well as the key insights of the other papers in the section. Bhansali looks at tail risk from a behavioral perspective. Asvanunt, Nielsen, and Villalon examine approaches to hedging equity tails of traditional portfolios. Bookstaber, Glasserman, Iyengar, Luo, Venkatasubramanian, and Zhang present a method of identifying and analyzing instabilities in the financial system. Greenbaum focuses on vanishing small probabilities in the tail and cognitive biases.

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