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We open this issue with a discussion by Lee and Williams regarding two common portfolio structures—the "donut structure" and "core-satellite" structure. Speidell examines the trade-offs in choosing active or passive frontier managers, including the elements of market definition, efficiency, results, and access. Ray examines the proper definition of risk by using a formal model of risk, based on the value investor's definition, and given conditions on when it aligns with volatility. Chance examines the results of using alpha to examine asset allocation strategies.

Next, Yerkes, Bates, and McCarty analyze an extensive sample of tax-exempt and taxable municipal bonds to better understand how municipals behave without federal tax exemption. De Boer investigates whether structurally hedging the currency risk of global equity products benefits long-term investors. Evaluating short selling as an investing strategy, Platt and Yin explore which factors best determine the amount of shorting activity and introduce a new variable that measures the relative price change in a company's equity. Van Erlach presents a novel solution to the gold standard Gibson's paradox, which proves that gold is valued according to its yield. Zaremba and Okoń investigate the cross-sectional implications of using initial public offering activity as a gauge of investor optimism and market valuation. They find that markets with high past stock issuance markedly underperform markets with low stock issuance.

In our special section on liability-driven investing, Ge examines the behavior of several low-volatility assets in a generic underfunded pension plan with typical assumptions. Next, Kurian seeks to highlight the low-yield environment and how it may be managed under a framework that creates value for investors and is aligned with those investors' underlying fiduciary obligations. Liu presents research that suggests that high-quality, long-duration CMBS can be a viable alternative to long corporate bonds in a plan's fixed-income allocation, given the sector's growing market size, more stable and predictable cash flows, reasonably high correlation to long-duration corporate bonds, and relatively low default risk. To complete the special section, Inglis and Wilson use new market information to analyze whether the supply of long corporate bonds will be sufficient to meet demand for corporate pension funds and assess options for mitigating the impact of any potential shortage of long corporate bonds.

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

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