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We open the Summer issue with a paper by Mozes that examines the relationship between a country's aggregate dividends and its equity market returns. Fong presents an experiment in constructing style portfolios containing stocks that have superior returns compared to traditional low book-to-market stocks. Walkshäusl explains the observations that high-rated ESG (environmental, social, governance) firms do not outperform low-rated ESG firms in international markets. However, ESG-rated firms in general outperform unrated firms after controlling for firm size, book-to-market ratio, momentum, operating profitability, and investment.

Next, Muhtaseb suggests a two-part model for addressing violations of the code of conduct component of compliance risk that includes a professional framework and standards and rules for conduct. Lieberman focuses on possible reasons why the adoption rate for impact investing options within the hedge fund community has lagged and provides suggestions for ways institutional investors can engage with their hedge fund managers and incorporate these strategies into their hedge fund allocation. Linder presents and quantifies the concept of an opportunity cost of illiquidity that is scalable to different levels of private market risk and provides a roadmap that points toward generating increased efficiency in a liquid-market, return-seeking portfolio by utilizing diversification and leverage.

Smith and Artigue argue that dollar cost averaging is an imperfect but helpful strategy for diversifying investment decisions across time. Kaiser uses a unique dataset accounting for public trust toward alternative institutions within 27 countries and shows that accounting for trust does entail valuable information for international equity allocation, especially with respect to fast-growing emerging economies. Aw, Jiang, Sivin, and Soe analyze the impact of incorporating expected return in two low-risk global equity strategy approaches and illustrate that expected return based on multi-factor quantitative screens, including valuations, is beneficial to investors in avoiding overpaying for a low-risk strategy in a risk-off environment. Bush and Woodham address the question of whether exposure to foreign currency is likely to help or hinder investors over the long run, and their conclusion that the "new neutral" for long-term international investors should be to remove foreign currency exposure from their portfolios.

Garvey and Saxena evaluate how the interest rate environment informs the allocation between risky and safe assets. They determine that despite all the concern about low yield, a low-rate environment is actually a good thing for more-aggressive investors. To conclude the

issue, Berkin examines the validity of the claims that rising interest rates will negatively impact equity returns and finds that such broad conclusions for the overall equity market are not supported by historical evidence.

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

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