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We lead off Spring with an article about the failure of theory when put to practice. Investment theories in finance and economics are based on rational behavior. There are times, however, when markets and participants in those markets are not rational. How do you explain the inability of portfolio insurance strategies during the 1987 crash due to failure to execute in the derivative markets? Markets were not as liquid as theory would predict. How do we explain the current contagion across markets? Do U.S. companies derive significant revenues from Russia? How do we explain the nose-dive our market took when there were problems in Russia? Jacobs' article asks similar questions and is an important article for theorists to help them understand how theory and practice can deviate.

We hope you enjoy this issue.

Brian Bruce
Editor-in-Chief

Nick Mencher
Executive Editor