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Our Summer 2000 issue features some interesting work on performance. We begin the issue with an article by Coggin and Trzcinka, who examine the performance of 292 U.S. equity pension funds. They find that the choice of an equity benchmark affects the magnitude of the alpha and that it is difficult to find investment managers with equity styles who consistently add value relative to the S&P. We follow this with Arrington, who looks for evidence that mutual funds change their investment strategy or style in an attempt to improve performance.

Continuing the performance theme, Cantaluppi and Hug focus on a new performance measure, the efficiency ratio, which is based on the ex post efficient frontier underlying the investment environment. This is followed by an article by Waddock and Graves that investigates both the financial and social performance of companies included in social and traditional investment portfolios.

Wander discusses risk as the variability of the difference in return between the portfolio and the benchmark. Hanachi compares the performance of mutual funds to appropriate benchmarks on a monthly basis, with some interesting conclusions. The final article on performance is by Gorman and Qian. They discuss the value of a 50% hedged benchmark versus an unhedged benchmark.

We round out the issue with articles by Brown, who discusses combining beta and price sensitivity to gain a better picture of the expected investment characteristics of an asset, and Jones and Wilson, who consider the recent great years in the stock market and attempt to place them in perspective. The issue concludes with Reichenstein's comparison of projected after-tax retirement incomes from an average-cost non-qualified annuity, a low-cost index fund, and an average-cost mutual fund.

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