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We lead off our Winter 2000 issue with a paper by Jacobs which examines momentum trading. The strategy of buying stock on margin as prices rise and selling as prices fall to obtain the benefits of a call option appears to offer a chance for huge gains. This paper discusses the real risks and costs of the strategy which are often not evident until after the strategy has failed. This is followed by Beeman, Yip, Weinreich, Russell and Barr who examine the viability of absolute return strategies or hedge funds for institutional investors.

Our next article by Hammond presents a different perspective on risk, distinguishing between portfolio risks and board risks. He concludes that typically only portfolio risks appear in the Investment Policy Statement but the board should be acutely aware of the implicit risks it accepts as well. Siegel and Alexander follow with a discussion value investing. They look at whether value investing still represents good value for the investment dollar, under what conditions value stocks can be expected to generate good performance and to what extent "classic" methods of value investing need to be adapted to the current market environment.

Olsen discusses the role of human evolution in the investment decision process. This is followed by Stowe's examination of the market timing myth that if an investor misses the best daily returns for 10, 20, 30 or 40 days over a period of five or ten years, the investor suffers a huge reduction in compound annual returns. Next we have Brown's look at what is next for the S&P 500. Christophe and McEnally consider whether investors can obtain the benefits of global diversification by purchasing the equity of U.S. multinational corporations.

Bird, McElwee and McKinnon evaluate the earnings forecasts of analysts, extending the investigation to twenty-one countries included in the MSCI World universe. Next we have Cakici, Tessitore and Usmen whose paper examines whether discounts and premiums on closed-end equity funds can be used to earn positive excess returns over a benchmark index. Finally, Surz and Price discuss the work of Fisher and Lorie on diversification and offer alternative approaches.

Brian Bruce
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