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Welcome to *The Journal of Index Investing*. The Journal was started to feature articles about indexing, mutual funds, and exchange-traded funds (ETFs). It is our intent to bring you new ideas, new products, and new perspectives in the form of solid academic work to help you understand this growing field.

To open this issue, Hsu, Kalesnik, and Surti examine existing style indices, whose stock weights are tied to price fluctuations, and determine that the indices may provide sub-optimal risk-to-return trade-offs. In addition, they conclude that applying a nonprice-weighted methodology to existing style definitions should lead to more optimal style-based portfolios. Borkovec, Domowitz, Serbin, and Yegerman discuss the behavior of ETFs during the crash of May 6. They conclude that price discovery failed for ETFs during that period and the proximate cause was an extreme deterioration in liquidity. This article is followed by Ryan's evaluation of a Custom Liability Index as the best representation of the client objective for liability-driven objectives. The failure of mutual fund independent directors to fulfill their obligations as "shareholder watchdogs" under the Investment Company Act of 1940 is discussed by Haslem. Santoni and Kelshiker analyze mutual funds, utilizing various aspects of behavioral finance.

Blanchett examines the asset allocation decisions of both passive and active mutual fund investors determining that both are "smart" in the short term, but active investors are "dumb" in the long term. Blitz, van der Grient, and van Vliet examine the performance of fundamental indices with annual rebalancing and conclude that it can be sensitive to the choice of when to rebalance. Next is Razafitombo's examination of mutual fund performance, which looks at the relevance of information ratios, betas, and Sharpe ratios. We conclude the issue with Shulman's discussion of an index of entrepreneurial companies.

We welcome your submissions. Please encourage those you know who have written good papers or have made good presentations on indexing, ETFs, mutual funds, or related subjects to submit them to us. We value your comments and suggestions, so please email us at journals@investmentresearch.org.

Brian R. Bruce
 Editor-in-Chief

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