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We open this issue with Dolvin's discussion of actively managed ETFs, which found that although active funds are more volatile than their passive counterparts and do not provide an absolute return advantage, performance metrics suggest that active funds may be good additions to existing portfolios for their diversification benefits.

Garyn-Tal examines whether R^2 as a measure can explain ETFs' alphas and predict ETFs' performance. Füss, Grabellus, Mager, and Plagge analyze the properties of target risk strategies compared to pure index investments, finding there is a trade-off between leveraging that could create higher returns and the volatility loss due to leverage that leads to an optimal risk level. Platt, Cai, and Platt recreate the Dow Jones index from 1997 in five different ways to determine the impact on the Actual Dow of the various company replacement policies.

In this issue we feature a special section on volatility strategies. In the section de Boer, Campagna, and Norman investigate the role of country and sector effects in low-volatility investing in global equities, finding that the benefit of the low-volatility anomaly can be earned through country and sector selection in lieu of individual stock selection. Moran provides an overview of 30 volatility-related indexes; 25 are indicators that gauge investor sentiment regarding expected volatility of traded instruments and 5 are designed to serve as benchmarks. Benson, Furbush, and Goolgasian examine the range of implementation decisions for such a Target Volatility equity strategy.

We welcome your submissions. Please encourage those you know who have 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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Allison Adams
Group Publisher, Institutional Investor Journals, aadams@iijournals.com