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THE JOURNAL OF index investing
ETFs, ETPs & Indexing

VOLUME 7, NUMBER 3 WINTER 2016

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We begin the Winter issue with a methodology from Giese, Ossen, and Bacon to extract an unbiased, standalone environmental, social, and governance (ESG) performance factor from a broad database of ESG indicators and show that this factor can add financial value in portfolios and financial indexes. Next, Alighanbari, Doole, and Shankar delve into the practicalities of low-volatility investing, including construction issues, their performance in different market regimes, and the effect of recent increased demand on the strategy's behavior. Atwill and Pritamani provide an analysis of how much country tilts have historically contributed to the differences in returns between the standard and small-capitalization indexes in emerging market equities.

Next, Blitz finds that the amount of factor exposure provided by popular smart beta strategies differs considerably, as does their degree of focus on a single target factor; he provides insight into how "quality" and "high dividend" indexes relate to academic factors. Talmage, Puddy, Irlicht, and Randall calculate and explain the apparent outperformance for investors domiciled in the United States, Australia, Germany, Japan, Switzerland, or the United Kingdom and then propose a simple adjustment method to the net benchmark to better represent the actual return to an investor based on their location and the actual withholding taxes incurred. Mattar, Marchioni, Antropova, and Finlayson consider recent performance outcomes for beta investors employing both derivative and exchange-traded fund (ETF) vehicles for index replication. They propose a vehicle selection framework, based on a quantitative assessment, that could help investors measure the precision of index replication. Hoxhaj and Khattree introduce the concept of variable leverage for ETFs. They show through simulations that this newly constructed leveraged fund is better behaved than the usual constant-multiple leveraged fund in terms of standard deviations and volatility of the compounded returns.

Our special section for the Winter issue focuses on tactical asset allocation. Thompson presents the value of tactical asset allocation within an investment portfolio: how this works, what are the upsides/downsides, what do financial advisors, asset managers, and end-clients need to know, and some tips learned along the way. Okunev then proposes a glidepath value-at-risk (VaR) approach that takes into account the time variation of risk and return and suggests that that lifecycle funds should not be *age based* but rather should be *risk based*.

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 Bruce
Editor-in-Chief