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We begin the Spring issue with an overview by Mackintosh regarding changes in the active exchange-traded fund (ETF) space. Deng, McCann, and Yan illustrate the problems with self-indexing structured products using proprietary volatility indexes from Bank of America and J.P. Morgan and note that the conflicts highlighted arise equally with the proprietary indexes of other underlying assets, including commodities and currencies. Wang presents findings on gender diversity characteristics for U.S. large-cap companies and proposes a rules-based portfolio construction framework for a gender diversity index.

Next, Ang, Madhavan, and Sobczyk study crowding, capacity, and valuation of minimum volatility strategies, a smart beta strategy designed to minimize risk. Luft and Plamondon explore the ability of sector-focused ETFs to mimic the risk and return behavior of industry subsectors and find that they closely mimic the risk and return of economic sector indexes that have broad market capitalization and style exposures. Pong, Gunthorp, and Chen examine the characteristics of the Chinese A- and H-shares price differentials, propose an A/H share selection mechanism to identify the share class with the lower price, and form an A/H share class index. Fong reports that big data such as Google Trends has stimulated much interest in the use of search query volumes for predicting social, business, and financial market trends and finds that search terms that do outperform the buy-and-hold strategy generally have no economic meaning and are most likely spurious.

We conclude the issue with a discussion by Pennington and Evans regarding the implementation of a private, permissioned, peer-to-peer capital markets index data distribution architecture that would streamline the provision and ingestion of securities index data from an index provider to index subscribers.

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.

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