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We begin the Fall issue with Johansson and Johansson's argument that investment style biases can be avoided by estimating a fair value that not only considers economic size metrics but also controls for individual stocks' heterogeneous risk and reward characteristics independent from market price. Curcio and Dickerson test the premise that leveraged exchange-traded funds, used beyond a single day or very short time periods, will lead to value destruction.

In our special section on low volatility, D'Auria and McDermott investigate the major low and minimum volatility indexes used as benchmarks for the largest ETFs in the space and find that the indexes examined provide superior risk-adjusted performance relative to a market capitalization benchmark. De Franco, Monnier, and Rulik assess the exposure of stock portfolios sorted by total volatility to interest rate risk and determine whether this nonequity risk can explain differences in risk and risk-adjusted returns between low- and high-volatility portfolios over a 25-year period for U.S. equities. Alighanbari, Doole, and Melas show that simple constraints could be used effectively in minimum volatility strategies to manage risks beyond volatility.

Next, Alonso and Barnes report that portfolio country weights can vary widely depending on the currency used in calculating risk and provide empirical evidence that the currency of the risk calculation should match the currency used in evaluating the portfolio's performance. Staines, Wu, Li, and Romahi discuss the value of simplifying portfolio construction and demonstrate a simple method that can be used to build more robust volatility-lowering portfolios.

We conclude the issue with Brzenk and Soe, who use the S&P 500 Low Volatility Index and S&P 500 Minimum Volatility Index to show that there are meaningful differences regarding the indexes' risk/return profiles, sector composition, and factor exposures, which suggest that market participants should conduct thorough due diligence on sources of returns and evaluate whether active risks taken are compensated or not.

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
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