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We open the Summer issue with Amenc, Goltz, and Sivasubramanian's contrast to the claims of promoters with "bottom-up" approaches for constructing multi-factor equity portfolios with relevant findings in the academic literature. Zhang analyzes leveraged ETFs risk profiles in both short-term and long-term periods and examines the volatility behavior to aid global investors in fully understanding the nature of these instruments in order to use them effectively in portfolio management.

Next, Abdesaken reports that mutual fund managers who adjust portfolio holdings based on analyst coverage and consensus recommendations achieve significantly lower risk-adjusted returns, but perform better than when consensus recommendations are considered alone. He presents a new measure of managerial skill based on analyst coverage that could be used to help determine the quality of the mutual fund manager.

Radha describes a country yield forecasting mechanism that applies the cyclically-adjusted country yield to derive the medium-term yield forecast on an inflation-adjusted (real) basis for any country outside the U.S. and augments the forecasting capabilities of Shiller's PE by incorporating into it a country's cyclically adjusted real exchange rate. Laipply and Tucker seek to explain the relationship between the yields, cash flows, and total returns of fixed income index portfolios (mutual funds or ETFs) as observable duration-targeted bond portfolios and extend the prior work by Leibowitz et al. to include the impacts of positively and negatively sloped yield curves and fund minimum maturity rules.

To conclude this issue, Ma and Yeung construct a risk measure of an investment that measures the fraction of time the investment is in a drawdown and isolates the time dimension from the returns when measuring risk. This property uniquely characterizes it from other performance measures.

As always, we welcome your submissions. Please encourage those you know who have written papers on indexing, ETFs, mutual funds, or related subjects to submit them for consideration. We value your comments and suggestions, so please email us at journals@investment-research.org.

Brian Bruce
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