EDITOR'S NOTE

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This issue of the *Journal of Investment Consulting* (*JIC*) continues our Masters Series of interviews with not one but two renowned names in finance: Andrew Ang and Robert Fernholz. Ang, a managing director with BlackRock, discusses his career in academia and industry and why he's convinced that factor investing is the new norm. Fernholz, a financial mathematician, describes how his stochastic portfolio theory, which was developed, in part, to address an internal inconsistency of the capital asset pricing model, became a new paradigm in the theory of mathematical finance and provides a useful framework for constructing investment portfolios.

We also include the following five papers:

- "Nonlinear Factor Attribution," by Sanne de Boer, proposes a new approach to the problem of high residuals in performance attribution to factors.
- "Factor Tilts and Asset Allocation," by Javier Estrada, demonstrates that adding factor exposures boosts potential returns more efficiently than increasing equity exposure.
- "Using Barbells to Lift Risk-Adjusted Return," by William Trainor, Dan Cupkovic, Indudeep Chhachhi, and Christopher Brown, is an empirical study of portfolios of bonds and equity call options as lower-risk alternatives to outright investment in equities.
- "Behavioral Finance in Investing: The Existence and Importance of 'Investment Tribes' and Risk-Preference Diversity," by Sid Muralidhar and Arun Muralidhar, extends the Kahneman-Tversky approach to assessing risk preferences by applying it to identify groups with similar risk attitudes within investment organizations.
- "Using Personality Assessment and Situational Queries to Understand Risk Tolerance in Emerging Adults," by James Brau, Finnegan McKinley, and Paige Nelson, shows that detailed risk-assessment questionnaires that include personality analysis can provide more-robust understanding of investor risk attitudes.

We also include summaries of two recently published papers that discuss the state of value investing—a timely topic, given that the value style has underperformed for the past thirteen years. One argues that it may be a lifetime opportunity to invest in value stocks because the style is in the 100th percentile by cheapness relative to growth stocks. The other claims that value, at least as measured by traditional metrics, may be permanently broken, mainly because intangibles are not properly accounted for. We at *JIC* don't advocate one view or the other; we merely present both sides of the topic.

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