EDITOR'S NOTE

In this issue of the Journal of Investment Consulting, you will discover a captivating collection of articles and interviews with luminaries of the investment world.

We begin with an interview with one of the most successful investors of all time, a brilliant mathematician and generous philanthropist, James Simons. He talks about his secret sauce for quantitative investing and his mathematical discoveries. Importantly, he shares his efforts to support science and transform mathematics education. Over the years, James and Marilyn Simons’ generous support of mathematics, among other fields, has been comparable to funding provided by the U.S. government.

We follow with another interview with a distinguished scholar who has published multiple groundbreaking papers, Robert Stambaugh, who shared his insights about ESG investing and a range of other topics. Stambaugh cautions that ESG–friendly policies do not necessarily translate to higher expected returns. He discusses Bayesian analysis and its application in investment decision–making, emphasizing its ability to rigorously incorporate prior judgment and uncertainty, and stresses the importance of being well–grounded in fundamental concepts.

Now that self–directed retirement plans have become the norm, accessible and sound investment advice for individuals of modest means is essential. “Lean Advice for New Investors,” by Jarrod Wilcox, Zvi Bodie, and Dan diBartolomeo, provides practical insights for both new and seasoned investors.

With emerging market countries at the forefront of discussions about financial stability, Seda Peksevim’s “Pension Funds and Stock Market Liquidity” illuminates how pension funds stabilize financial markets. The findings underscore the importance of automatic enrollment practices for strengthening financial stability.

Investors faced a tumultuous year in 2022, prompting a quest for further diversification. Arun Muralidhar, Sachin Muralidhar, and Sid Muralidhar make a compelling case for “Investing in the NHL” as an alternative asset class.

Michael Finke and David Blanchett delve into the anomaly of fixed–rate annuities in “Are High Returns an Anomaly?” They explore factors driving remarkably high yields on multi–year guaranteed annuities, including the influence of private equity ownership in the insurance sector.

We then provide an overview of Antti Ilmanen’s latest essential read, Investing Amid Low Expected Returns: Making the Most When Markets Offer the Least; as well as new insights on inflation’s impact in “Getting to the Core: Inflation Risks Within and Across Asset Classes,” by Xiang Fang, Yang Liu, and Nikolai Roussanov.

We’d also like to pay homage to Harry Markowitz (1927–2023). During the 1950s, Markowitz revolutionized investment theory by introducing the idea of diversification in portfolio construction. His “efficient frontier” remains fundamental in today’s investment world. Harry Markowitz will be remembered for his intellectual brilliance, generosity of spirit, and profound impact on the field of investing.

Inna Okounkova
Editor–in–Chief
Journal of Investment Consulting