published in collaboration with the
Financial Planning Association

Financial Services Review is the journal of the Academy of Financial Services, published in collaboration with the Financial Planning Association. Membership dues of $75 to the Academy include a one-year subscription to the journal. Financial Planning Association members receive digital access to the current volume/issue of the journal.

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Financial Services Review

The Journal of Individual Financial Management

Vol. 23, No. 2, 2014

Co-Published by the Academy of Financial Services and the Financial Planning Association

The editor of *Financial Services Review* wishes to thank the Stetson University, School of Business, for its continuing financial and intellectual support of the journal.

Aims and Scope: *Financial Services Review* is the official publication of the Academy of Financial Services. The purpose of this refereed academic journal is to encourage rigorous empirical research that examines **individual behavior** in terms of financial planning and services. In contrast to the many corporate or institutional journals that are available in finance, the focus of this journal is on individual financial issues. The Journal provides a forum for those who are interested in the individual perspective on issues in the areas of Financial Services, Employee Benefits, Estate and Tax Planning, Financial Counseling, Financial Planning, Insurance, Investments, Mutual Funds, Pension and Retirement Planning, and Real Estate.

Publication information. *Financial Services Review* is co-published quarterly by the Academy of Financial Services, and the Financial Planning Association. Institutional subscription price for the year 2014 is $100. Personal subscription price for the year 2014 is $75 and is available by joining the Academy of Financial Services. Further information on this journal and the Academy of Financial Services is available from the website, http://www.academyfinancial.org. Postmaster and subscribers should send change of address notices to Stuart Michelson, Academy of Financial Services, Stetson University, School of Business, 421 N. Woodland Blvd., Unit 8398, DeLand, FL 32723.

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Printed in the USA

FINANCIAL
SERVICES
REVIEW

Financial Services Review 23 (2014) v–vi

From the Editor

This issue contains **Issue 2 of Volume 23** of *Financial Services Review* (*FSR*). I would like to thank the board and members of the Academy of Financial Services for their continued support. I continue to work in broadening the scope of articles, while still focusing on individual financial management and personal financial planning. I encourage authors to reach out when discussing implications of their findings in a more comprehensive way. As such, all articles in the Journal more appropriately relate to financial planning issues.

The lead article "Performance of Alternative Mutual Funds: The Average Investors Hedge Fund," is coauthored by Srinidhi Kanuri and Robert W. McLeod both at the University of Alabama. Alternative Mutual Funds (AMFs) provide the individual investor with an opportunity to invest in funds that follow strategies similar to those of hedge funds and seek returns uncorrelated with the market. In this article the authors analyze the performance of AMFs for a 14-year period using the Carhart four-factor model and the Fung-Hsieh seven-factor model. Their results show that most AMFs were not able to create any value for their investors over the study period and these funds perfomed even worse during the recent financial crisis.

The second article "Portfolio Performance with Inverse and Leveraged ETFs," is coauthored by James A. DiLellio, Rick Hesse, and Darrol J. Stanley all at Pepperdine University. In this article the authors examine passive investment strategies that employ inverse or leveraged equity ETFs in their asset allocation and quantify the long-term impact on portfolio performance. Monte Carlo simulations are employed, drawing samples from distributions created by two distinct time periods of historical daily market returns. Their findings show that, while these products are generally not recommended within long-term passive investment strategies, potential diversification benefits may exist, dependent on the behavior of equity and debt markets.

The third article, "The Performance of the Faith and Ethical Investment Products: A Comparison Before and After the 2008 Meltdown," is coauthored by Francisca M. Beer, James P. Estes, and Charlotte Deshayes all at California State University San Bernardino. In this article the authors study the risk and return characteristics of socially responsible investment and faith-based mutual funds prior to and following the market crisis of 2008. Their results show a high level of correlation between the indices examined along with a higher volatility than the S&P 500. They also find a significant shift in the mix of performance and volatility of these funds prior to and after the crash of 2008. This is an important consideration for planners and investors in when considering social or faith based investments.

The fourth article, "Saving for Retirement While Having More Nights with Peaceful Sleep: Comparison of Lifecycle and Lifestyle Strategies from Expected Utility Perspective," is coauthored by Rosita P. Chang at University of Hawaii at Manoa, David Hunter at University of Hawaii at Manoa, Qianqiu Liu at University of Hawaii at Manoa, and Helen Saar at Dixie State University. Using bootstrapping simulations the authors examine the fit of target-date funds (TDFs) as the main retirement savings instrument for the utility-maximizing investor who becomes more risk averse as she gets older. The authors also demonstrate that TDFs can provide higher expected utility than the alternative lifestyle strategies. With loss aversion incorporated in the model, they find that the optimal lifecycle strategy over time leads to higher expected utility than the best lifestyle strategy. They conclude that TDFs are preferable to utility-maximizing investors, although an investor's risk tolerance should be considered when selecting TDF funds.

The final article, "The Perpetual Growth Model and the Cost of Computational Efficiency: Rounding Errors or Wild Distortions?," is coauthored by Morris G. Danielson and Jean L. Heck both at Saint Joseph's University. In this applied article, the authors investigate the constant dividend growth model (Gordon, 1962). The model is primarily used because of its computational simplicity, although, value estimates from the model can be highly dependent on future expected cash flows. The authors results suggest that price estimates from the constant growth model can overstate a stock's intrinsic value by a sizeable amount, in some cases two or three times the underlying intrinsic value. The potential overstatement increases as the firm's dividend yield decreases, shifting a greater portion of the expected cash flow into later years. Because the model is less likely to misstate value for low-growth, high-payout firms, the interesting implication is that the model is most useful when its ability to value growth is needed least.

I would like to send a special thank you to the many reviewers that have significantly contributed to the quality of our journal by providing timely and thorough reviews of the submissions to our journal. Thanks to those who make the journal possible, especially the referees and contributing authors.

Please consider submission to the Financial Services Review and rely on the style information provided to ease readability and streamline the review process. The Journal welcomes articles over the range of areas that comprise personal financial planning. While FSR articles are certainly diverse in terms of topic, data, and method, they are focused in terms of motivation. FSR exists to produce research that addresses issues that matter to individuals. I remain committed to the goal of making Financial Services Review the best academic journal in individual financial management and personal financial planning.

Best regards,
Stuart Michelson
Editor *Financial Services Review*