FINANCIAL SERVICES REVIEW

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From the Editor

This issue contains **Issue 1 of Volume 25** 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 "Investor's images of the stock market: antecedents and consequences" is coauthored by Dawn M. Dobni and Marie D. Racine both at University of Saskatchewan. Their research studies stock market image, defined as the sum of impressions about the stock market. The authors seek to understand how several personality-oriented, cognition-based, and demographic variables influence investors' images of the stock market and how these images impact investing behaviors and outcomes. Their findings suggest an individual's financial literacy, propensity to trust, and sociability are important antecedents of his or her perceptions about the stock market. The data also show that stock market image affects investing motives, risk reduction efforts, emotional responses, and degree of satisfaction associated with investing.

The second article "The Effects of Fund Commonality in Mutual Fund Families on Fund Operating Expenses and Return Correlations: Evidence from U.S. Equity Mutual Funds" is authored by Youngkyun Park at University of Idaho. The author examines the effects of the commonality of mutual funds within a fund family, measured by common stock holdings and multi-fund management, on fund operating expenses and return correlations. For U.S. equity funds during the period of 2001−2006, he finds that common stock holdings and multi-fund management are negatively related to fund operating expenses, but positively related to the correlation of fund return residuals, which increases the correlation of fund returns. Additionally, he finds that the fund commonalities can have negative net effects on risk-adjusted returns of a portfolio with equity funds that have different investment objectives.

The third article, "The Overlooked Momentum Traders in 401(k) Plans" is authored by Ning Tang at San Diego State University. Using a dataset with over one million 401(k) traders, she investigates momentum trading in 401(k) plans. She identifies momentum traders in each quarter and evaluates how these traders perform. Her results indicate the existence of momentum traders. However, there is no evidence that they successfully improve their portfolio performance. Instead, momentum sellers sell the outperformed funds. Overall, momentum traders could lose up to 2.14% per year. In seeking to explain such losses, it is observed that 401(k) momentum traders follow a naïve momentum strategy. They don't have the ability to select funds with momentum investing styles but, instead, simply chase past returns.

The fourth article, "Is a VIX ETP an Investment in the VIX?" is coauthored by R. Parker Clowers at Auriemma Consulting Group, Inc. and Travis L. Jones at Florida Gulf Coast University. They examines VIX-based ETPs (exchange traded products) and illustrate that both the return and risk of these products are not related to the return and risk of the VIX index. The authors note that VIX ETPs do not correlate well to the VIX index. In fact, these funds are not even designed to have a high correlation to the VIX index. Individual investors can often mistake VIX ETPs for an investment in the VIX index itself, which is incorrect and may lead to a costly mistake.

The final article, "A Marginal Cash Flow Analysis of Mortgagors' Choices" is authored by Jim Musumeci at Bentley University. Prior academic research has focused on determinants of the spread between interest rates on conforming versus Jumbo and 15-year versus 30-year mortgages, but few authors have helped the borrower determine which choice is better. The authors examine these issues from the borrower's frame of reference and find that comparisons of mortgage terms can be facilitated by analyzing the marginal cash flows from one mortgage contract to another. For many borrowers the "conventional wisdom" leads to suboptimal choices; making the better choice can easily produce low-risk double-digit returns.

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*

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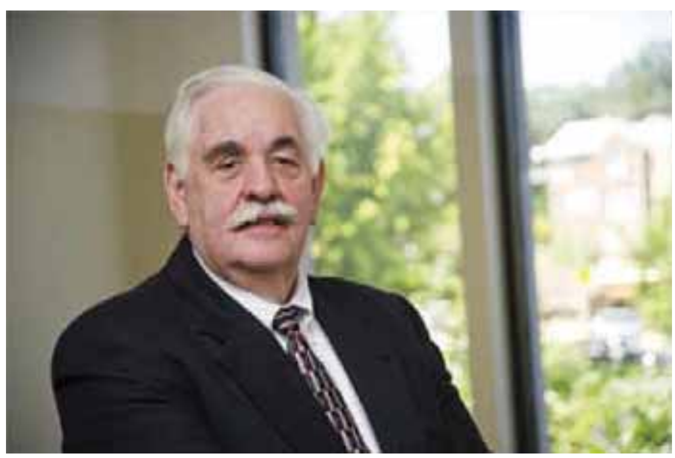
In Memory of Jean Louis Heck - (February 6, 1944 - February 5, 2016)



You may already be aware of Jean's passing recently on February 5, 2016, but I thought it was important that everyone that knew and loved Jean had access to information about Jean's life and final arrangements.

Jean was the 7th president of Academy of Financial Services during 1991–1992. He helped lay the foundation for our great organization and he stayed actively involved for over 25 years. Never one to slow down, Jean went on to found the Financial Education Associate and the Academy of Business Education. He launched three academic journals; the *Journal of Financial Education*, the *Journal of the Academy of Business Education*, and *Advances in Financial Education*, serving as the journal's editors for many years. He also served as President and Executive Director of these organizations until fairly recently, as he prepared for his transition. Both academic organizations held annual national conferences, which Jean founded and organized every year until this year. In Jean's memory, these conferences, organizations, and journals will continue long into the future. For more than 20 years Jean has been close friend and mentor to me and many others. I know he has touched many many lives both personally and professionally. As I've personally reflected about the great times and experiences with Jean, his memory has brought a warmth to my heart. I hope your memories of Jean also bring a sense of serenity as we celebrate his life.

I know Jean will be genuinely missed by all of us. Our sincere sympathies go out to his family and loved ones for this loss of our great friend.

Kindest regards,
Stuart Michelson

Jean Louis Heck - (February 6, 1944 - February 5, 2016)

U.S. Veteran Jean Louis Heck, 71, of Wayne, PA, husband of Nancy J. (nee Nagele) Heck, passed away at his home on February 5, 2016, one day short of his 72nd birthday. Born on February 6, 1944 in St. Louis, Missouri, he was the son of the late Louis J. and Martha J. (nee Caples) Heck.

He was a 1961 graduate of Northwest High School in House Springs, MO, and a United States Navy Veteran of the Vietnam War. After honorably and proudly serving his country, Jean then went on to attend Florida Junior College in Jacksonville, FL where he obtained his Associate's degree, and then onto the University of North Florida in Jacksonville, FL where he received a Bachelor's degree with majors in Economics and Science. Jean then went on to attend the University of South Carolina doctoral course program in Finance and Statistics where he was awarded his Ph.D. In 1980 Jean began teaching health care finance in the Master's in Health Administration program at the Medical College of Virginia, and then in 1983 he accepted a faculty position teaching finance at Villanova University. After 23 years at Villanova, Jean took early retirement and went to teach at St. Joseph's University in 2006, where he continued to serve on the faculty until his death. At St. Joseph's he was awarded an endowed chair in Risk Management and Insurance.

Jean had diverse interests outside of academia. He had his pilot's license, and he also trained to be an EMT and volunteered with the Narberth Ambulance Squad. He also served for 16 years as Treasurer for The Birth Center, a free-standing birthing clinic in Bryn Mawr where his son Stephen was born. Jean also enjoyed watching the Phillies and was thrilled to attend one of the World Series games in 2008 when the Phillies went all the way to become World Champions. Jean loved the Jersey Shore, especially Ocean City. He also loved Corvettes, owning six over the years, while always searching for the next one. Jean was also a big fan of women's college basketball, attending as many Villanova and St. Joe's games as possible. He and Nancy also shared a love of cats; rarely was their home without one or two cats during their 35 plus years of their marriage.

Jean is also survived by his sons, Alan Heck, of Seattle, WA, and Stephen Heck, of Wayne, PA, and his sister, Janet Davis, of Anderson, SC, and many friends and colleagues in the world of academics. He was also preceded in death by his brothers, Jimmy White and Jerry Heck.