



NORTH-HOLLAND

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From the editor

Can an individual succeed in timing the market? There has been a significant amount of interest by both academicians and practitioners in the subject of using trading rules to earn an abnormal return. The first article in this issue by Richard Chung and Lawrence Kryzanski is entitled, "Market Timing Using Strategists' and Analysts' Forecasts of S&P 500 Earnings Per Share". They provide an excellent review of the literature on market timing and test the usefulness of earnings forecasts as trading rules.

Anthony L. Loviscek and W. John Jordan's article, "Stock Selection Based on Morningstar's Ten-Year, Five-Star General Equity Mutual Funds" continues the theme of timing the market. They select the top stocks from Morningstar's highest rated mutual funds to form portfolios and measure the performance of them against the market as measured by the S&P 500. They find that the large cap stocks that are selected do not outperform the market. Very unfortunately, this article is being published posthumously for Dr. Jordan whose entire family was killed in an helicopter accident in Hawaii.

Risk tolerance is assumed to have an impact on portfolio allocations for investors at any age, based on recent articles published in this journal. Govind Hariharan, Kenneth S. Chapman, and Dale L. Domian's article called "Risk Tolerance and Asset Allocation for Investors Nearing Retirement" explores the impact of age and approaching retirement on individual choices. They suggest that individuals do not alter their portfolios based on risk tolerance and do decrease their dependence on Treasury Bills.

John E. Richard and James B. Wiggins' article entitled, "The Information Content of Closed-End Country Fund Discounts" tests two conflicting theories that seek to explain the variations in closed-end fund premiums across funds and time. They use foreign country funds from the prospective of the United States investor for their tests.

The last article by John C. Bost and Tony Cherin seeks to change the provisions of an estate in an article they title, "Liquidating a Remainder Interest: Simplifying Personal Finance". They walk the reader through the steps necessary to dissolving a trust so that the income beneficiaries can manage the remaining assets themselves.

All of these articles examine issues of individual financial management, which is the focus of this journal. As Vickie L. Bajtelsmit's special issue on retirement income (Volume 9, Number 1) indicates, individuals are being given more and more responsibility for their financial futures. The *Financial Services Review* encourages empirical research that provides information to those who are interested in exploring and testing strategies and tactics that will help the individual prosper in unknown environment that is likely to continuously change.

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