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From the Editor

This issue contains Issue 1 of Volume 21 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 will more appropriately relate to financial planning issues.

The lead article, "The Influence of Positive Psychological Factors on Small Business Owners' Retirement Planning Activities" is authored by Jill B. McCullough at Youngstown State University. This study analyzes the influence of behavioral characteristics on small business owners' retirement planning preparation. In this model, an owner's retirement goal clarity is hypothesized to mediate the relationship between the level of his/her retirement planning activities and three behavioral factors: engagement, satisfaction, and future time perspective. Using structural equation modeling, the author's results suggest that owners who are engaged by their businesses are less motivated to plan for retirement, while a sense of satisfaction with the business, shows positive influences on retirement planning motivation.

The second article, "Adding "Value" to Sustainable Post-Retirement Portfolios" is coauthored by Neeraj J. Gupta, Robert Pavlik, and Wonhi Synn, all of Elon University. Using mean-reverting valuation metrics, we design semi-passive balanced fund portfolios with significantly lower shortfall rates and higher remaining balances than those found in prior studies. Using rolling periods and bootstrapping simulation methods, the results show that valuation-based portfolios appear to outperform both conventional balanced funds and target-date funds, and that they should be considered as additional offerings in retirement plans.

The third article, "Random diversification over time: The case of five European countries surrounding the Euro introduction," coauthored by Emiliano Giudici at Stephen F. Austin State University and Axel Grossmann at Radford University. Using monthly observations and a sample stocks from five major European equity markets, this study provides evidence that the marginal benefit of adding a random stock to a portfolio is time varying. For small portfolios, the marginal diversification benefits are less pronounced during times of high volatility than during periods of low volatility. This study demonstrates that in the post-Euro period a smaller portfolio size is necessary to achieve the same percentage average relative risk reduction than in the pre-Euro period and the highest average relative risk reductions are obtained in the larger equity markets. Interestingly, this study suggests that individual investors who restrict themselves to investing in a small number of securities may not be as under-diversified as commonly thought.

The fourth article, "U.S.-based International Mutual Funds: Performance and Persistence," is coauthored by Yuhong Fan and H. Lon Addams, both at Weber State University. This study examines market behavior of U.S.-based international mutual funds which invest solely in the international equity markets. With a reputation of high expense ratios, these funds outperform the stock market indices; and their performance can be explained by fund characteristics, such as size, turnover ratio, and beta. The probability of winner funds becoming loser funds or vice versa is close to 50% for one- to three-year annualized returns are very similar. Thus, the relative performance appears more like a random walk than a persistent trend.

The final article, "Long Term Performance of Leveraged ETFs" is coauthored by Lei Lu at Peking University, Jun Wang at Baruch College, and Ge Zhang at William Patterson University. The authors study leveraged ETFs; including Ultra ETFs and UltraShort ETFs from the ProShares family. Their results show that over holding periods no greater than one month, the Ultra (UltraShort) ETF provides twice the return (twice the negative return) of the underlying benchmark. Over the holding period of one quarter, the UltraShort ETFs deviate from twice the negative returns of the benchmark and for Ultra ETFs, this deviation occurs when the holding period is one year.

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.

Stuart Michelson
Editor *Financial Services Review*