

## From the Editor

This issue contains Issue 1 of Volume 20 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 is co-authored by Nan Li, California University of Pennsylvania, California, PA and Crystal Yan Lin Eastern, Illinois University. The authors investigate the characteristics of the Chinese stock market through a study of the Chinese equity funds. They find these Chinese funds outperform the stock market benchmark significantly with their Sharpe ratio values; but when performance is measured by asset pricing models, the evidence fades. In addition, larger funds outperform small or medium sized funds, regardless of the model and measurement selection. These results suggest individual investors should favor actively managed equity funds when total-risk adjusted return is a concern and they should choose indexed funds if market-risk adjusted return is the objective. Investors should generally prefer larger equity funds over smaller funds when investing in the Chinese stock market.

The second article is co-authored by Gaobo Pang and Mark J. Warshawsky, both at Towers Watson. The authors study the latest market offerings of target-date funds (TDFs) and balanced funds (BFs) and examine their risk-return characteristics through stochastic simulations. The data suggests that some TDFs are reducing the risky equity exposure from past levels for investors near retirement. The simulation results show that glide path designs are important determinants of wealth levels and volatilities. Additionally, TDFs have less risk than comparable BFs close to retirement and therefore are more suitable for investors who will more quickly draw upon the assets to fund their spending in retirement.

The third article is coauthored by Brian Boscaljon, Greg Filbeck, and Xin Zhao, all at Penn State Erie. The authors examine the effectiveness of the market volatility index (VIX) provided by the Chicago Board Options Exchange (CBOE) in timing shifts for style asset allocation. They find some evidence that portfolios of value stocks outperform portfolios of growth stocks following an increase in the VIX index. The results of this study are only statistically significant for longer holding periods of 30 days or more. Thus, for longer holding periods individuals may be able to gain economically significant returns by rebalancing their portfolios between value and growth stocks based on changes in the VIX index.

The fourth article is authored by John B. Mitchell at Central Michigan University. This article builds on Stout and Mitchell (2006), Stout (2008), Spitzer (2008), and Blanchett and Frank (2009) by creating a preventive approach to withdrawal management. Proactive strategies, reducing the withdrawal rate before there are insufficient funds, are shown to significantly reduce the probability of ruin while maintaining the median withdrawal rate. Optimization yields a 6.04% median withdrawal rate and .2% probability of ruin.

The final article of this issue is coauthored by Ken Bruce and Dr Rakesh Gupta, both at School of Commerce & Law, CQUniversity Melbourne, Australia. This article examines the current training and education standards set by the Australian Securities and Investments Commission and those set by professional bodies such as the Financial Planning Association of Australia. It provides a comparison of the state of regulation of financial planners in the United States with the recent report released by the Government Accountability Office. The authors suggest that minimum training standards set by the Australian regulator have allowed private education providers to capture the training and education agenda away from the profession with the result that financial planning in Australia may not yet be a profession, but simply an industry.

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.

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Editor *Financial Services Review*