Contents

Foreword	Xİ
Introduction	xxiii
A Note on Expected Return and Geometric Mean	XXV
Acknowledgments	хххі
PART ONE Equities	
CHAPTER 1 Purity of Purpose: How Style-Pure Indexes Provide Useful Insights	7
CHAPTER 2 Investing in Europe with Style: Why Investors in Europe Would Benefit From Constructing Portfolics Through the Prism of Style	15
CHAPTER 3 Why Fundamental Intexation Might—or Might Not—Work	21
CHAPTER 4 The Fundamental Debate: Two Experts Square Off on the Big Issues Surrounding Fundamentally Weighted Indexes	39
CHAPTER 5 Collared Weighting: A Hybrid Approach to Indexing	51
CHAPTER 6 Yield to Investors? A Practical Approach to Building Dividend Indexes	63
CHAPTER 7 Holdings-Based and Returns-Based Style Models	71

viii	CONTENTS
CHAPTER 8 Estimates of Small Stock Betas Are Much Too Low	103
CHAPTER 9 A Macroeconomic Model of the Equity Risk Premium	117
PART TWO	
Fixed Income, Real Estate, and Alternatives	
CHAPTER 10 Good and Bad Monetary Economics, and Why Investors Need to Know the Difference	133
CHAPTER 11 Inflation, Gilt Yields, and Economic Policy CHAPTER 12 Bevense Mean-Variance Ontimization for Real Estate	143
CHAPTER 12 Reverse Mean-Variance Optimization for Real Estate Asset-Allocation Parameters	147
CHAPTER 13 The Long and Short of Commodity Indeces	157
CHAPTER 14 Less Alpha and More Beta They Meets the Eye	175
CHAPTER 15 Venture Capital and its Role in Strategic Asset Allocation	179
PART THREE Crashes and Fat Tails	
CHAPTER 16 One-and-a-Quarter Centuries of Stock Market Drawdowns	193
CHAPTER 17 Stock Market Bubbles and Crashes: A Global Historical and Economic Perspective	199
CHAPTER 18 Déjà Vu All Over Again	211

Contents	ix
CHAPTER 19 Déjà Vu Around the World	223
CHAPTER 20 Getting a Read on Risk: A Discussion with Roger Ibbotson, George Cooper, and Benoît Mandelbrot on the Crisis and Risk Models	239
PART FOUR	
Doing Asset Allocation	
CHAPTER 21 Does Asset-Allocation Policy Explain 40 Percent, 90 Percent, or 100 Percent of Performance?	253
CHAPTER 22 Asset-Allocation Models Using the Markowitz Approach	267
CHAPTER 23 Asset Allocation with Annuities for Retirement income Management	275
CHAPTER 24 MPT Put Through the Wringer: A Debate Between Steven Fox and Michael Falk	303
CHAPTER 25 Updating Monte Carlo Simulation for the Twenty-First Century	311
CHAPTER 26 Markowitz 2.0	325
CHAPTER 27 What Does Harry Markowitz Think? A Discussion with Harry Markowitz and Sam Savage	351
Afterword	367
About the Author	375
Index	377

P1: TIX/XYZP2: ABCJWBT581-fmJWBT581-KaplanNovember 3, 201110:11Printer: Courier Westford

http://www.pookshop.com