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This issue of *The Journal of Alternative Investments* deals with two broad topics: Allocation to Alternative Investments and Commodity Markets. The first topic is particularly important and relevant as public pension systems have increasingly shifted away from equities and fixed income in favor of alternative investments. Paul Rose and Jason S. Seligman construct panel data of legislative changes affecting pensions, merging these with fund-level data from the Public Plans Database. Using these, they consider governance and financial performance motivations, as well as principal-agent and herding problems. They find evidence that while alternative relative performance has waned since 2007, allocations have continued to grow.

In recent years, investors have sought alternative asset allocation models that would provide better risk allocation and perhaps better protection against downside risk during periods of financial stress. Perchet et al. discuss one such strategy—volatility targeting. This strategy suggests a rebalancing approach between the risky portion of the portfolio and the cash to target a constant level of risk over time. When applied to equities and compared to a buy-and-hold strategy, it is known to improve the Sharpe ratio and reduce drawdowns. In this article, the authors find that volatility clustering and fat tails in return distributions are the two effects with the largest explanatory power. The results are even stronger when there is a negative relationship between return and volatility, which is known to be the case not only in equities but also to some extent in corporate bonds, government bonds, and commodities. They report that the benefits of the strategy are more significant for equities and high-yield corporate bonds, which show the strongest volatility clustering, fat tails, and negative relationship between returns and volatility.

The second part of this issue covers various topics in the commodity and futures markets. Hilary Till reminds us of hits and misses in the area of financial innovation. She explains why certain futures contracts have succeeded while others have failed. Nicolas Fulli-Lemaire and Ernesto Palidda examine the role of commodity prices as a source of information about future inflation rates. Christian Lundström and Jarkko Peltomäki argue that the value addition from investing in short-term futures trading strategies is their reconcilability with unanticipated risk shocks. They perform an empirical analysis of short-term and long-term CTA (trend-following) strategies and find that the exclusive characteristic of short-term CTAs is their significant and consistent long position in unanticipated risk shocks. Their findings imply that short-term futures trading strategies can offer considerable diversification opportunities for investors during equity market crisis situations. Finally, Matthias Georg Will, Sören Prehn, Ingo Pies, and Thomas Glauben survey the academic and industry research on financial speculation in agricultural commodities. They report that the available research does not provide support that the recent increase in financial speculation has caused either (a) a rise of the price level or (b) a rise of the price volatility in agricultural markets. Taking these findings into consideration, this article highlights an approach on how econometric research might enlighten public and political discourses even if the public opinion seems to be opposing academic findings.

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