Indexing Strategies: Definition. Indexing is a very simply an investment strategy, which attempts to mimic the performance of a market index. An index is a yardstick, and a market index is a group or basket or portfolio of securities selected to represent and reflect the market as a whole. Indexing is, therefore, a passive strategy, because it does not involve either security selection or trading. The basket or portfolio of securities defined by the index is purchased, and held indefinitely. Historically, the justification for index funds has derived much of its strength from the coefficient market hypothesis, which maintains that the history of stock price movements contains no useful information that will enable an investor consistently to outperform a fully diversified randomly chosen portfolio. However, indexes are unmanaged and investors cannot invest directly in the index. ETFs provide individual investors with easy access to international markets for both short selling and buying on margin. Investors may favor ETFs for quick entry to capitalize on the market momentum. I use the same procedures as Jegadeesh and Titman (1993, 2001) and many others to increase the power of test statistics that are based on overlapping holding returns. In any given month, the strategies hold a series of portfolios that are chosen in the current month as well as the previous H months. The Power of Passive Investing: More Wealth with Less Work. 306 Pages·2010·2.85 MB·6,777 Downloads·New! A practical guide to passive investing Time and again, individual investors discover, all too late, that actively picking the ETF Handbook: How to Value and Trade Exchange Traded Funds. 277 Pages·2010·4 MB·2,683 Downloads·New! A visual guide to one of the fastest growing areas in trading and speculation An Exchange-Traded Fund (ETF): a security that trades intraday and seeks to replicate the performance of a specific index. ETFs have grown substantially in size, diversity, and market significance in recent years. These trends have generated considerable interest, especially from retail and institutional investors. An exchange-traded fund (ETF) is a type of investment fund and exchange-traded product, i.e. they are traded on stock exchanges. ETFs are similar in many ways to mutual funds, except that ETFs are bought and sold throughout the day on stock exchanges while mutual funds are bought and sold based on their price at day's end. An ETF holds assets such as stocks, bonds, currencies, and/or commodities such as gold bars, and generally operates with an arbitrage mechanism designed to keep it trading close to