International Investments- Fall 2009

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Course Objective:
The current environment of international finance is challenging to financial professionals. Therefore, being prepared to understand issues related to international investments in depth is essential to financial professionals.

This course will introduce financial markets, instruments, and financial analytic methods when facing financial decisions. Additionally, the procedures to build financial investments and to contain financial risk within the investment portfolio are introduced as well. After completing this course, you will have fundamental knowledge in international investments to formulate investment decisions and investment analyses.

Textbook:

References:

Class Conduct:
I expect you to maintain professional conduct through the course. In particular, please refrain from behavior that may disturb others in the class. Also, I expect you to follow high ethical standards and refrain from practices that may be construed as academically dishonest.

Exams:
Midterm and final exams are in-class and closed-everything. You should not be excused from both exams for any reasons. If you have to miss the exams, you may not be given any chances to do make-up exams. Please contact me before the exams. The registered score of any make-up exams, if any, will be 80% of what you actually score in the make-up exams except some exceptional reasons which will be on the instructor’s judgment.
Grading Plan:

Your final grade will be based on the following items:

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm and Final Exams</td>
<td>40%</td>
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<tr>
<td>Case Discussions, Paper Discussions and Term Case</td>
<td>60%</td>
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<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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Materials Covered: (plus Paper Readings)

**Part I. The International Monetary Environment**

- Ch.1 Foreign Exchange
- Ch.2 Foreign Exchange Parity Relations
- Ch.3 Foreign Exchange Determination and Forecasting

**Part II. The International Investing and Market Equilibrium**

- Ch.4 International Asset Pricing

**Part III. Stock Market Investment**

- Ch.5 Equity: Markets and Instruments
- Ch.6 Equity: Concepts and Techniques
  - **First Evaluation of Term Case**

**Part IV. Fixed-Income, Alternative, and Derivatives Investments**

- Ch.7 Global Bond Investing
- Ch.8 Alternative Investments
- Ch.9 The Case for International Diversification

**Case: The State of South Carolina (HBS)**

- Ch. 10 Derivatives
- Ch.11 Currency Risk Management

**Case: Foreign Exchange Hedging Strategies at General Motors: Competitive Exposure (HBS)**

- **Second Evaluation of Term Case**

**Part V. Strategy, Organization, and Control**

- Ch.12 Global Performance Analysis
- Ch.13 Structuring the Global Investment Process
  - **Final Evaluation of Term Case**
Reading List

(1) Asset Pricing


(2) Behavioral Finance


(3) Mutual Fund

Term Case Guideline
Fall 2009

The case report for International Investments must be completed individually or by a group with no more than 3 people. Followings are guidelines you should be aware of and must not violate.

1. **Topic Selection**
   The topic can be any one related to finance. Of course, it is better to be investment-related but not required, though.

2. **How to write a case report:**
   Charles Warner gave us some tips about how to write a case report:

   1) Keep your audience in mind: Remember that you are writing for students or discussants who may not be familiar with the back-ground, details, and terminology of the situation. Keep jargon to a minimum.
   2) Use short-story-writing techniques: A case has flesh-and-blood characters who should be intriguing. Each story element should move the narrative forward.
   3) Openings: Grab the reader with a character facing his or her biggest problem: set the scene for the confrontations, the frustrations, and the main conflicts.
   4) Present situations and scenes without any attempt at analysis: Scenes must follow a logical order and should illustrate a point, concept, or issue that relates to the problems that the writer wants to have analyzed. Do not give any signals that one solution might be preferred.
   5) Provide relevant details: After an opening that sets up the situation, provide relevant details about goals, strategies, dilemmas, issues, conflicts, roadblocks, appropriate research, relevant financial information, people, and relationships. Be stingy with numbers; they must help solve the problems, not confuse readers or send them off on unproductive analytic tangents.
   6) Use as much dialogue as possible: Make the characters come alive with dialogue. Straight narrative is boring.
   7) Endings: Leave the reader with a clear picture of the major problems--either ask or imply "what is to be done now?"

**Remark: (Data Sources and References)** You should be responsible to clearly indicate all the information sources you use in your project and list all the references in the report.

3. **Academic Integrity Policy Requirement:**
   You should not just copy the original statements in the papers or books you use as references in the project. “Copying only the original statements” behavior will be recognized as plagiarism. In case of plagiarism, you will be required by the instructor either to redo the project or to get zero credit. The better way to avoid plagiarism is write your own statements to illustrate other people’s findings and ideas. Of course,
you cannot submit the paper written by someone else but you.

4. **Remarks:**

   1. You have to submit a complete case report which includes the **main text, reference materials, data, and computer programs** (if any) to me.
   2. You have to submit your case report to me through my international investments web course listed on the [http://iteach.ncku.edu.tw/](http://iteach.ncku.edu.tw/) unless otherwise indicated.
   3. You will get extra credits if your work is proven your own work and outstanding according to the instructor’s academic judgments.

   *If you have done your best, you would not get poor grades as you might think.*

**Good Luck!**