新编国际商务英语系列教材

新编国际投资英语教程

English for International Investments

周丽娜　李浚帆　主　编
王洪亮　副主编

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内 容 简 介

本书共10章，各章内容分别为：国际投资导论、国际投资环境、国际直接投资、国际证券投资、国际证券投资分析、国际证券投资实务、国际投资基金、国际风险投资、国际投资管理、国际投资与全球化。每一章之后都附有相关的分组讨论题、注释及实践案例，以帮助读者联系实际，加深理解。

本书可作为高校国际商务、国际投资等相关专业学生的专业课教材，也可作为相关专业教师进行双语教学的参考用书，还可以为所有希望了解国际投资的读者，包括国际商务从业人员、企业管理者、普通投资者及有志于报考国际特许金融分析师（CFA）的人士提供帮助。

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前　言

随着当今世界经济全球化的日益加深和中国加入 WTO，国际投资离中国普通大众已经不再遥远；对于许多商务人士和企业管理者来说，国际投资更是必须熟悉的重要领域；与此同时，与国际投资相关的行业在中国也迅速发展起来。因此，对于国际商务相关专业的高校学生来说，很有必要熟练掌握相关的专业知识和英语词汇，这样才能够为将来的就业做好充分准备。为了帮助广大学生更好地完成这一任务，特编写这本《新编国际投资英语教程》，作为国际商务相关专业学生的核心专业课教材。

本书参照国内经典的国际投资中文教材进行结构编排，内容涵盖国际投资导论、国际投资环境、国际直接投资、国际证券投资、国际证券投资分析与实务、国际投资基金、国际风险投资、国际投资管理、国际投资与全球化等重要内容。本书在具体内容和语言运用上又特别注重与国际接轨，尽可能地与目前的国际投资实践相适应，力求避免出现书本知识与国际投资实践相脱节的情况。

本书具有以下重要特色。

1. 本书的结构和内容编排充分考虑到了读者的实际需要，囊括了投资者进行国际投资之前需要了解的基础知识。

2. 本书在语言上尽量与国际接轨，采用国际上通行的专业术语和表达习惯。

3. 本书力求展现最新的国际投资理论与实践，并体现中国与发达国家在投资实践方面的不同之处，以美国（全球最发达国家）和中国（全球最大新兴市场）为重点关注对象。

4. 本书每章之后都附有相关的分组讨论题、注释及实践案例等，以帮助读者联系实际，加深理解。

5. 本书第一作者——美国奥古斯坦纳大学（Augustana College）金融学助理教授、国际特许金融分析师（CFA）、芝加哥 CFA 协会会员周丽娜（Zhou Lina）女士在第一章“国际投资导论”中对国际 CFA 考试做了简要介绍，希望能够为有志于考取国际 CFA 的读者提供帮助。在主要发达国家，CFA 是从事投资行业所需的重要资质之一。

本书得以面世有赖于北京交通大学出版社的大力支持，在此深表谢意。另外，本书第一作者周丽娜（Zhou Lina）在编写过程当中得到了美国奥古斯坦纳大学 2009—2010 年度校长研究基金（Augustana College 2009 - 1010 Presidential Research Fellowship）的支持，在此一并致谢！

由于作者水平有限，书中难免错误与遗漏，敬请各位读者批评指正。

作　者
2011 年 1 月

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- ✔ To understand the pros and cons of international investment
- ✔ To learn about the CFA program

Opening Vignette

Emerging Stock Markets Are Looking Better than Developed Markets

For years, investors have witnessed the strong growth of emerging countries including robust population growth and steadily improving standards of living. However, they are wary about investing in equities and bonds of emerging markets. They are concerned about the risks. Emerging countries such as Brazil, Mexico, China, South Korea and many in Africa often were handicapped with by heavy debt, weak currencies, poor corporate governance and high volatility.

That view is changing. Having experienced one of the worst years in stock market history, some experts say investors should shift more money into the emerging markets. On the one hand, emerging countries are believed to possess stronger inherent growth possibilities than developed nations. On the other hand, most developed countries have similar economic problems as seen in the recent financial turmoil. Developed nations have been dealing with their own serious debt, currency and governance issues.

Over-indebtedness and aging demographics are bothering developed countries, while developing nations show the promise of robust expansion. Daniel Arbess, manager of the Xerion Fund, a hedge fund, at Perella Weinberg Partners, says that "emerging markets are arguably the single most important avatar of investment opportunity for our generation. The demand for commodities to support the modernization and urbanization of these and other developing economies, and the demand for food and products by growing consumer classes, should continue to fuel opportunities for years to come."

Faster Growth in the Emerging Markets

Some stock markets in developing nations have already soared from their lows reached earlier this year. The widely followed MSCI Emerging Market index, which tracks emerging-markets shares, is up 60% this year, compared with a gain of 10% for the Dow Jones Industrial Average.

On a price-to-earnings basis, shares of many emerging-markets companies are comparable to those in developed regions, says Marko Dimitrijevic, a hedge-fund manager who focuses on emerging markets. On a price-to-sales basis, they're still a bit pricey, however.

Nations outside of the US and developed Europe now account for almost half of global gross domestic product, Mr. Dimitrijevic says. It was less than 40% in 1990. It helps that many of these nations are transitioning from dependence on demand from developed nations to a more balanced exposure to both local and foreign demand.

And while nations with emerging markets once were criticized for excessive government involvement, the rush by the US and other nations to rescue companies and rack up debt to spur economic growth has taken the air out of that argument.

Dangers still loom for investors focused on emerging markets, though. Accounting standards in some countries aren't up to par, disclosure can be less robust, and the size of some markets in Africa and elsewhere can be small.

Beware a "Double Dip"

The United States is in a recession. The uncertainty is how long it will continue. Back in 2008, the consensus was that the recession would be V-shaped — a short and shallow recession lasting eight months, as in 1991 and 2001. Some observers, like Professor Nouriel Roubini at NYU, "Dr. Doom", projected a U-shaped recession lasting at least 24 months. Investors were also warned the possibility of a double dip, another downturn for the economy and things will get worse before they get better. Although the chance is small, something even worse might occur — an L-shaped economic stagnation. Professor Roubini forecasted little or no growth through 2010.

"If your world view is that the recession is over and we are about to start a great bull market, then emerging markets should outperform," says Matthew Tuttle, who runs investment advisory firm Tuttle Wealth Management. "If you believe, as we do, that we are in for a double dip, then emerging markets will not be a good place to be."

Mr. Tuttle agrees that nations like Brazil, Russia, India and China should do well over the long haul. But he worries that these stock markets have gained between 50% and 100% this year, saying that "those types of numbers aren't sustainable . . . I would wait for some sort of pullback."

Analysts say bonds from many emerging-markets nations are less attractive than stock because so many of these countries now are rated investment grade. So investors are no longer being compensated for the risks of going abroad.

Individual investors can find it difficult to buy debt from companies in emerging markets — and some small companies can be harder to track.

As a result, Mr. Tuttle recommends mutual funds such as the Lazard Emerging Markets Portfolio fund, which is up 58% so far this year and has an expense ratio of 1.5%, and debt-and-currency-focused PIMCO Developing Local Markets fund, which has climbed 19% and has an expense ratio of 1.1%. Among so-called tactical funds — which usually can go into all kinds of markets — Ivy Asset Strategy fund is up 19% this year, and Blackrock Global Allocation fund is up 17%.

Exchange-traded funds like the iShares MSCI Emerging Markets Index Fund track the MSCI index, providing exposure to Brazil, China and other markets, though not to smaller markets. It's up more than 50% so far this year.

Warm-up Questions

1. What does emerging market mean?
2. What are the concerns of investing in the emerging markets?
3. How long do you think the recession will last in the US?

1.1 An Overview of International Investments 国际投资概述

1.1.1 Relevant Definitions for International Investments 国际投资的相关定义

1. Investment and investments

Investment[1] can be defined as any use of resources with the hope to increase future production output or income. This said, college education is an investment. Students pay tuition and spend four years at school hoping to make more money in the future than people without a college degree.

In economics, investment refers to the purchase of goods that are not consumed today but are used in the future to create wealth. For example, building a factory is an investment in the economic sense. In Finance, investment refers to the purchase of marketable securities with the hope that they will generate income in the future or appreciate and be sold at a higher price. For example, buying publicly traded stocks is an investment in the financial sense.

Investments[2] is the study of the investment process. Although the field of investments encompasses many aspects, it can be categorized by two primary functions: analysis and management.

2. International investment and international investments

Traditionally, investment takes place within the investor's home country. It is called domestic investment. However, nowadays, with the integration of the world economy, investment has been globalized too. Investment across country borders is called foreign investment.

Some researchers use international investment to actually mean foreign investment, but use the term global investment to include both domestic investment and foreign investment. In this book, we use foreign investment, international investment and global investment interchangeably. The reason is that basic investment principles such as the trade-off between expected return and risk are applicable to any investment, no matter it is within a country's border or beyond it. In the case of securities investment, foreign securities or funds are considered as part of a portfolio to mitigate risk. No investors will invest in foreign stocks only. Therefore, each chapter of our book covers both domestic and foreign investment. This book is entitled international investments. It introduces the theories and practices of international investing.

1.1.2 Types of International Investment 国际投资的种类

International investment falls into two major categories: foreign direct investment (FDI) and foreign portfolio investment (FPI).[3]

1. Foreign direct investment

Foreign direct investment (FDI)[4] refers to investment abroad in which the investor obtains a lasting interest in an enterprise in another country. It may take the form of buying or constructing a factory in a foreign country or adding improvements to such a facility, in the form of property, plants, or equipment.

Through FDI, an investor supply capital, know-how, technology and management techniques to the foreign recipient. As a return, the investor collects profits in the form of dividends, retained earnings, management fees, and royalty payments.

2. Foreign portfolio investment

Foreign portfolio investment (FPI)[5] refers to the purchase of foreign securities, such as bonds and stocks. Investors can pick foreign securities and construct their own portfolios. They can also purchase shares of international mutual funds.

The returns that an investor acquires on FPI take the form of interest payments, dividends and appreciation in values of the securities they hold.

3. Differences between FDI and FPI

FDI implies a controlling stake in a business and often connotes ownership of physical assets such as equipment, buildings, and real estate. FDI is more difficult to pull out or sell off. Consequently, direct investors may be more committed to managing their international investments and less likely to pull out at the first sign of trouble.

FPI is investing in foreign securities but investors do not seek to control the companies issuing the securities. Hence, investors do not actively participate in the management of the companies. Since the securities are easily sold in the securities market, FPI is more volatile than FDI. When the country's economy is rising, the large inflow of money by FPI can bring about rapid development. However, when the economy takes a downturn, sometimes just by failing to meet the expectations of international investors, FPI flees the country quickly. This affects the exchange rate of the nation's currency and finally produces widespread economic crisis as evidenced by the financial crisis in East Asia in 1997–1998.

Sometimes FDI and FPI may overlap, especially in regard to equity investment. Ordinarily, the threshold for FDI is ownership of "10 percent or more of the ordinary shares of voting power" of a business entity (IMF Balance of Payments Manual, 1993).

1.1.3 Markets of International Investment 国际投资市场

When considering international investments, there are three major types of markets from which to choose: developed markets, emerging markets and frontier markets.

1. Developed markets

Developed markets[6] include the largest, most industrialized economies. Their economic systems are well developed, they are politically stable, and the rule of law is well entrenched. Developed markets are considered the safest investment destinations. However, the growth rate is modest.

The following countries are often classified as developed markets: Australia, Canada, France, Germany, Japan, Singapore, Switzerland, the United Kingdom and the United States.

2. Emerging markets

The term "emerging markets"[7] was created by Antoine van Agtmael in the 1980s when he was a World Bank economist. It refers to countries that are in a transitional phase between developing and developed status. They are experiencing rapid industrialization and often demonstrate extremely high levels of economic growth as measured by GDP. Investment in emerging markets may bring about superior returns to those that are available in developed markets. However, investors are bearing much greater risks.

Emerging markets are generally less efficient than developed markets. Political instability, currency volatility, and lack of strict standards in accounting and securities regulations often cause concerns in investors. Also, local stock exchanges may not offer sufficient equity opportunities because many large companies are still "state-run" or because it is not open to outside investors.

Examples of emerging markets include Argentina, Brazil, Chile, China, India, Indonesia, Malaysia, Mexico, Russia, Thailand and Turkey. FTSE Group, a provider of economic and financial data, distinguishes between advanced and secondary emerging markets on the basis of their national income and the development of their market infrastructure. Brazil and Mexico belong to the advanced emerging markets group, and other countries mentioned above belong to the secondary group.

Reading Material

Antoine van Agtmael's Arguments about Investing in Emerging Markets

Investors should put 20 percent of their stock portfolio in emerging markets.

Before the middle of this century, China will be the anchor economy of the world like the United States is now.

The first question you always have to ask is, "How much do I want to pay for growth?" You want to make sure you don't say, "It's growing so fast, so I'll just pay whatever it takes."

You want to essentially invest in stocks that have the right stuff, that have the potential to be world class, to be a leader in their industry, to be globally competitive. You only want to buy stocks if they are underrated.

One way to lower the risk involved in investing in emerging markets is to diversify. You never put all your eggs in one basket, especially the hottest basket. Right now the hottest basket is China.

Rapid adjustment to new realities is something that western companies can learn from emerging markets.

The biggest challenge faced by emerging markets is the environment. There is a lot that still needs to be done in terms of transparency, corporate governance, in terms of people don't only know how to make things quickly and cheaply but know how to make things well.

3. Frontier markets

The term "frontier markets"[8] was coined by IFC's Farida Khambata in 1992. They are countries with investable stock markets that are less established than those in the emerging markets. They are also known as "pre-emerging markets".

According to a Merrill Lynch report on frontier markets, there is no strict definition of a frontier market. They are simply developing economies with undeveloped equity markets. "Frontier markets tend to be young, thinly-traded equity markets with weak regulatory frameworks, low levels of transparency and low levels of foreign ownership," says the report. Examples of frontier markets include Jamaica, Jordan, Kenya, Kuwait, Romania, Sri Lanka and Vietnam.

Frontier markets offer investors potentially high returns but they are exposed to higher risks. These risks include political instability, poor liquidity, inadequate regulation, substandard financial reporting and large currency fluctuations. In addition, many markets are overly dependent on volatile commodities. The good news is that frontier markets have a low correlation with other markets hence provide additional diversification benefits when held in a well-round investment portfolio.

Reading Material

Frontier Markets Will Emerge As World's Best Investment Hub

As the emerging market (EM) universe matures, investors are looking for opportunities in previously untapped markets outside the EM mainstream. Hence we can expect rising interest in frontier markets or emerging emerging markets.

The frontier markets have enormous growth potential. They outperformed both emerging and developed equity markets since the inception of the S&P (Standard & Poor's) frontier index in January 2000. The index has logged a return of 24% vis-à-vis 12% for emerging markets and 3% for developed markets.

As for risks in frontier markets, rising protectionism would be negative for most markets. Gulf, African and Latin American frontier markets are highly reliant on commodity revenues. In Eastern Europe convergence has led to property bubbles and large external deficits. Corporate transparency is poor in most frontier markets.

"Our top frontier recommendation is the Middle East Gulf markets. These markets have cheap valuations, abundant liquidity and strong economic growth. The frontier 'poster child' is Vietnam, an economy and market in which we have great confidence over the long term," says a Merrill Lynch report on frontier markets.

Notice that different agencies may classify a country into different markets and the list for the same agent may change over time. For example, FTSE Group categorized Luxembourg and South Korea into developed markets but they are not included in MSCI Barra's developed markets list. As of September 2009, Argentina was not classified by FTSE Group as frontier markets but it was included in the September 2010 indices as a frontier market.

1.1.4 The Motivations of International Investment 国际投资的动机

1. Motivations for FDI

FDI is often undertaken by multinational corporations. They invest internationally for similar reasons as they expand their operations within their home country. The economist John Dunning has identified four primary reasons for corporate foreign investments:

Market seeking: Firms may have saturated sales in their home market and go overseas to find new buyers; Resource seeking: Some companies in the developed countries are attracted by the cheap labor in less developed countries like China and India; Efficiency seeking: Multinational companies may shift the allocation of its resources to overseas in response to broader economic changes such as lower tariff rates and favorable fluctuation in exchange rates; Strategic asset seeking: Firms may seek to invest in other companies abroad to help build strategic assets, such as distribution networks or new technology.

Reading Material

China State Companies' Investment Abroad

China's major state-owned companies invested $35.7 billion abroad last year (2008) as they expanded foreign operations despite the global economic crisis, the government said.

Some 117 of the 136 major companies directly controlled by the government invested abroad in 2008, accounting for 64 percent of China's total outbound investment, the Commerce Ministry said. It said 80 percent of their foreign operations were profitable.

China's outward investment in 2008 included the $14 billion purchase by Aluminum Corp. of China, or Chinalco, and US-based Alcoa of a 12 percent stake in Anglo-Australian miner Rio Tinto Ltd.

Beijing is encouraging Chinese companies to invest abroad to diversify the economy away from reliance on exports and construction and to take advantage of foreign asset prices that have plunged over the past year.

2. Motivations for FPI

FPI comes from individuals or through pension funds or mutual funds held by individuals. They invest internationally for two reasons: the lure of higher return than domestic investment and the benefit of diversification of portfolio risk.

In the 1980s and early 1990s, a number of countries and areas in the East Asia (Indonesia, Japan, South Korea, Malaysia, Singapore, Thailand, etc.) began to experience enormous economic growth rates.

Investors from around the world were attracted by the much higher potential return on their investments in the East Asia than that at home. In 2004, international stocks returned 19% while the S&P 500 (a broad measure of US stocks) posted a gain of only 11%.

The other motives for FPI is to diversify away some of the portfolio risk. Markowiz's model and modern portfolio theory argue that when two securities are not perfectly positively correlated, combining them will lower the risk of your investment. The correlation between foreign stocks and domestic stocks are thought to be lower than the correlation among domestic stocks. Therefore, international investment should be pursued by any investor who wants to manage the portfolio risk wisely. The economies of the world's different regions have tended to boom and bust in cycles and often offset each other in the past three decades. One region collapsed; another made up for it. A dramatic example came in the East Asian financial crisis when Japan's Nikkei index lost almost 40% between June 1997 and October 1998. Meanwhile, European markets blossomed as the continent came closer to true economic union and a rash of US-style corporate restructurings began to pay dividends.

1.1.5 The Characteristics of International Investment 国际投资的特点

High risk and high expected return characterize international investment. International stocks have special risks, such as fluctuation in foreign-exchange rates. Chinese investors received relatively less return on their investment in the US due to the sharp appreciation of Chinese yuan to US dollars since 2005. Figure 1 – 1 presents the exchange rate between Chinese yuan and US dollars in the past five years.

Figure 1 – 1 The Exchange Rate between CNY and USD

International investment is also subject to political risk[9]. Investors are at the mercy of rules, regulations, policies, laws and accounting standards and practices of external markets. Economies can collapse, as we saw in Argentina in 2002, and governments can fail. Frontier markets and emerging markets are much riskier as compared to developed markets. It is also true that there may not be enough information available about the companies and investments you're invested in.

Of course, there will be a payoff for investors with extremely strong stomachs. In 2004, for example, Argentina's Merval benchmark soared 27%, more than doubling the return of US stocks. This was after Argentina's economy and currency collapse a few years back. In 2003, the emerging markets of Brazil and Russia were among the year's top performers. Brazil's Bovespa benchmark surged 97% while Russia's RTS