高等学校经济类双语教学推荐教材

PEARSON

ECONOMICS CLASSICS

经济学经典教材·金融系列

Economics Classics

国际投资

（全文影印）

（第六版）

Global Investments

(Sixth Edition)

布鲁诺·索尔尼克（Bruno Solnik）
丹尼斯·麦克利维（Dennis McLeavey） 著

CFA
考试指定用书

PEARSON Education

中国人民大学出版社

高等学校经济类双语教学推荐教材

经济学经典教材·金融系列

Economics Classics

国际投资

（第六版）

Global Investments

(Sixth Edition)

布鲁诺·索尔尼克（Bruno Solnik）
丹尼斯·麦克利维（Dennis McLeavey） 著

中国人民大学出版社
·北京·

图书在版编目（CIP）数据

国际投资：第6版：英文/索尔尼克，麦克利维著．—北京：中国人民大学出版社，2011.5
经济学经典教材·金融系列
ISBN 978-7-300-13623-3

Ⅰ.①国… Ⅱ.①索…②麦… Ⅲ.①国际投资-双语教学-高等学校-教材-英文 Ⅳ.①F831.6

中国版本图书馆CIP数据核字（2011）第069358号

高等学校经济类双语教学推荐教材
经济学经典教材·金融系列
国际投资（第六版）
布鲁诺·索尔尼克
丹尼斯·麦克利维 著
Guoji Touzi

出版发行	中国人民大学出版社		
社　址	北京中关村大街31号	**邮政编码**	100080
电　话	010-62511242（总编室）		010-62511398（质管部）
	010-82501766（邮购部）		010-62514148（门市部）
	010-62515195（发行公司）		010-62515275（盗版举报）
网　址	http://www.crup.com.cn		
	http://www.ttrnet.com（人大教研网）		
经　销	新华书店		
印　刷	涿州星河印刷有限公司		
规　格	215 mm×275 mm　16开本	**版　次**	2011年6月第1版
印　张	41.5 插页1	**印　次**	2011年6月第1次印刷
字　数	863 000	**定　价**	69.00元

Preface

Global Investing: The Current Perspective

More than thirty years ago, Bruno Solnik published an article entitled "Why not diversify internationally rather than domestically?" in the *Financial Analysts Journal* (July/August 1974). At the time, the combination of poor information, low expertise, stringent regulations, and high costs inhibited global investing. Thirty years later, the investment scene has changed dramatically.

The benefits of international diversification in terms of risk and return have increasingly been recognized, as detailed in this book. This has led to a push toward guidelines and legislation more favorable to foreign investment. A second factor in the rapid pace of global investing is the deregulation and internationalization of financial markets throughout the world. This global integration of financial markets has led to reduced costs, easier access to information, and the development of worldwide expertise by major financial institutions. Computerized quotation and trading systems that allow global round-the-clock trading have been developed. Restrictions to capital flows were removed within the countries of the European Union (EU); European-based investment management firms can freely market their products to residents of any EU member state. Hence, American or Japanese asset managers established in London can easily provide their services to any European client. This globalization of investment management has led to increased competition among money managers of all nationalities. It has also led to a wave of alliances, mergers, and acquisitions among financial institutions seeking to extend their global management expertise and the geographic coverage of their client base. The rapid pace of global investing is further accelerated by the general acceptance of a common set of standards and ethical principles by investment professionals. Debt issues are rated by the same rating agencies worldwide. Listed corporations are progressively adopting common or related international accounting standards. The Chartered Financial Analyst® (CFA®) designation of CFA Institute has progressively been adopted as a standard by the worldwide investment profession. A majority of the CFA candidates are non-U.S. citizens. The Global Investment Performance Standards (GIPS®), developed and administered by CFA Institute, are adopted by asset managers worldwide and are recognized as the leading global industry standard for ethical presentation of investment performance results.

Target Audience

This book is designed for MBA students, advanced undergraduates, investment professionals, and financial managers. It is appropriate for undergraduate and graduate business school electives in international finance as well as for master's courses in fields such as engineering or economics. The book is self-contained and does not take a specific national viewpoint; hence, it has been successfully used in courses and professional seminars throughout the world.

Why is the book good for these students? In a global environment, students need to grapple with such concerns as how to value global companies as well as when and how (1) monetary and fiscal policies affect exchange rates; (2) foreign exchange risk affects companies and investment portfolios; (3) global correlations collapse; (4) foreign exchange risk should be hedged; and (5) multiperiod performance attribution distinguishes skill from luck. Today all investing is global and this edition of *Global Investments* gives the student the tools needed to operate in an environment of global finance, investments, and competition. Indeed this book can be summarized by updating the globalization argument to "Why not learn internationally rather than domestically?"

Structure of This Book

The global investor is faced with a complex task. The financial markets throughout the world are quite different from one another, and information on them is sometimes difficult to obtain. Trading in different time zones and languages further complicates the task. But the most important aspect of global investment is the use of multiple currencies. An American investing in France must do so in euro; therefore, the performance (and risk) of the investment will depend in part on changes in the euro to U.S. dollar exchange rate. Because of the importance of exchange rates in global investment, this book begins with a description of foreign exchange transactions.

In this text, we develop the analysis needed for the global investment and portfolio management process. The first three chapters lay the foundation of exchange rates, which link the economies of different countries and regions. In Chapter 1, we introduce the basic facts of foreign exchange quotation, their interpretation, and arbitrage implications. In Chapter 2, we develop the theory of international parity conditions. The theory helps in defining real foreign currency risk, an important factor to be managed in global investing and portfolio management. Chapter 3 then discusses the empirical validation of the theories introduced in Chapter 2 and explores the techniques and empirical results in the difficult task of exchange rate forecasting.

The next five chapters explore the various assets available for global investing. Chapter 4 is the lead chapter in a series of chapters on international assets. In it we develop international asset pricing in general with attention to foreign currency risk. Chapter 5 places a particular focus on the transaction costs involved in various equity markets and instruments allowing entry into global investments. Following this general introduction to international asset pricing, Chapters 6, 7, and 8 focus on the available international assets and investments themselves: equities, bonds, and alternative investments, respectively.

The final five chapters develop the techniques and perspective of global portfolio management. After building the case for and against international diversification in Chapter 9, we move into the foreign currency risk and return analysis needed for international portfolio management. We develop the risk control techniques available with derivatives in Chapter 10 and then apply these techniques in currency risk management in Chapter 11. In Chapter 12, we examine the performance measures to judge the risk and return contributions of global diversification. Finally, we summarize the global investment and portfolio management process in Chapter 13. Throughout the text, we attempt to isolate those elements of the process that have unique international aspects.

Pedagogical Approach

To operate in a complex, multicurrency, multimarket, multicultural environment, you need a strong conceptual framework as well as a working knowledge of institutional aspects. Presenting concepts without resorting to lengthy theoretical expositions full of equations is a challenge. We have attempted to present all the major concepts and theories by illustrating their applications with numerous examples. Our guiding principle has been that rigor and intuition are equally necessary for a good understanding of the subject.

The "model-in-action" approach is used to integrate the chapter content. In the model-in-action approach, each chapter is motivated with questions of how to solve a valuation or portfolio management problem. These questions reflect the chapter's learning outcome statements found on the first page of each chapter. Examples are provided throughout the chapter to demonstrate answers to the questions and also to preview end-of-chapter problems. Thus the end-of-chapter problems should be familiar reinforcements for those students who have followed the learning outcome statements and worked through the examples of the chapter.

A basic investment course is a useful prerequisite to this text. Some knowledge of international economics may also help in the early chapters. Familiarity with discounting techniques and basic statistics (e.g., standard deviation, correlation, and regression) will make some of the chapters easier to read. However, this book is intended to be accessible to students and portfolio managers without recent training in portfolio theory.

New to the Sixth Edition

The new title *Global Investments* (formerly *International Investments*) reflects general acceptance that asset management is now global rather than categorized as domestic or international. The book's refocused emphasis builds on a foundation of accessible coverage of the world's capital markets and continues to employ contemporary examples to illustrate the application of concepts and theories. Incorporating feedback from the use of fifth edition chapters in the CFA Program curriculum, the sixth edition is the ideal text to help you succeed in financial management and global asset management.

As with the previous editions, this new edition provides students and practitioners with comprehensive yet accessible coverage of global investments. The authors have revised the book in a way that serves the needs of practitioners such as CFA candidates, while continuing to provide the coverage and accuracy our higher education adopters have come to expect. The sixth edition is a major revision in terms of both content and presentation. Specific revisions include the following:

- The sixth edition is considerably shorter than the previous edition. However, we have maintained the same level of conceptual rigor and real world orientation. This has been achieved by simplifying several chapters. For example, in Chapter 3, "Foreign Exchange Determination and Forecasting," the treatment of exchange rate quotations as well as global investment theories has been simplified. In general, we have put less emphasis on formulas while preserving the same level of rigor found in previous editions.
- Chapter 8, "Alternative Investments," has been extensively rewritten and expanded.
- Multiperiod performance measurement has been added in Chapter 12, "Global Performance Evaluation."
- Chapter 13, "Structuring the Global Investment Process," has been streamlined but also made more operational.
- All solutions to end-of-chapter problems have been moved to the Instructor's Resource Center at **http://www.prenhall.com/irc.** However, all important aspects are illustrated in the main text by examples with solutions.

Web Site

The Web site **http://www.prenhall.com/solnik_mcleavey** contains a database that can be used by the instructor to assign various projects related to some of the chapters. This database includes monthly stock indexes, bond indexes, interest rates, exchange rates, and inflation rates for major countries and a sample of emerging countries. This allows students to conduct tests of various theories presented in the text.

Instructor Resources

Instructor resources can be downloaded from the Instructor's Resource Center at **http://www.prenhall.com/irc**. The resources for this text include:

- *PowerPoint® Lecture Slides*, developed by Bonnie Buchanan of University of South Carolina. The PowerPoint slides include lecture notes and all art and tables from the text.
- *Online Solutions Manual*, written by the authors and containing solutions for all end-of-chapter problems.
- *Online Test Bank*, written by the authors, containing additional problems (with solutions) as well as a list of cases that can be used for various chapters of the book.

出版说明

随着金融全球化进程的不断加快，金融人才的竞争日益激烈，用国际通用的英语来思考、工作、交流的能力也越来越重要。如何顺应这一潮流，培养和造就专业知识和语言水平都具有竞争力的金融人才，一直是各大高等院校和一些主要教材出版单位思考的重要问题，开展双语教学是教育界的共识。双语教学在我国主要指采用汉语和国际通用的英语教学，目的是培养全面的适合国际交流的高素质人才。由于我国长期以来缺乏英语交流的环境，开展双语教学面临着特殊的困难，我们认为双语教学从一开始就应该使用原版的优秀教材，保证语言的原汁原味。

顺应这一潮流，中国人民大学出版社携手国际著名的出版公司，推出了适合经济金融专业的双语系列教材。本套教材具有如下几个特色：

第一，精选教材。本套教材遴选了一批国外优秀的教材，涉及金融学、投资学、公司理财、金融市场与机构、国际货币与金融、国际投资、跨国公司财务管理、金融工程、银行管理、保险学等多门课程，涵盖了金融专业开设的主要必修科目。

第二，保持原教材的特色。本套双语教材广泛听取了一线任课教师的意见和建议，考虑到课时要求，部分图书采用了删减影印的形式，主要是删减了一些相互重复的以及不适应我国国情的内容，但在体系结构和内容特色方面都保持了原教材的风貌。

第三，内容紧扣学科前沿。本套教材基本上都选择国外最流行教材的最新版本，有利于老师和学生掌握国外教学研究的最新发展趋势。

第四，提供强大的教学支持。依托国外大出版公司的力量，本套教材为教师提供了配套的网上教辅资料，如教师手册、PPT 课堂演示文稿、试题库等，从而使教学更为便利。

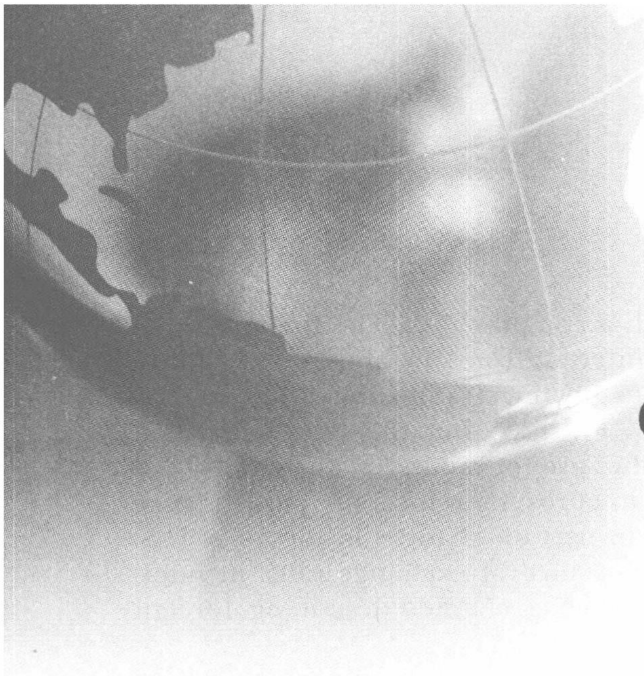
本套教材主要适用于高等院校经济金融专业的本科教学，同时也适用于金融行业从业人员以及对金融专业感兴趣的人士。

本套教材是对双语教学的积极探索，错误遗漏之处在所难免，恳请广大读者指正。

中国人民大学出版社

Contents

目　录



1

Currency Exchange Rates

LEARNING OUTCOMES

After completing this chapter, you will be able to do the following:

- Define direct and indirect methods of currency exchange rate quotations
- Define and calculate the spread on an exchange rate quotation
- Explain how spreads on exchange rate quotations can differ as a result of market conditions, bank/dealer positions, and trading volume
- Convert direct (indirect) exchange rate quotations into indirect (direct) exchange rate quotations
- Calculate cross rates, given two spot exchange rate quotations involving three currencies
- Calculate the profit on a triangular arbitrage opportunity, given the bid–ask quotations for the currencies of three countries
- Distinguish between the spot and forward markets for currency exchange rates
- Define and calculate the spread on a forward currency exchange rate quotation
- Explain how spreads on forward currency exchange rate quotations can differ as a result of market conditions, bank/dealer positions, trading volume, and maturity/length of contract
- Define forward discount and forward premium
- Calculate a forward discount or premium on an exchange rate and express either as an annualized rate
- Explain covered interest rate parity
- Define and illustrate covered interest arbitrage

The international investor is faced with a complex task. The financial markets throughout the world are quite different from one another, and information on them is sometimes difficult to obtain. Trading in different time zones and languages further complicates the task. But the most important aspect of international investment is the use of multiple currencies. An American investing in France must do so in euros; therefore, the performance (and risk) of the investment will depend in part on changes in the euro/U.S. dollar exchange rate. Because of the importance of exchange rates in international investment, we begin this book with a chapter describing foreign exchange transactions.

In this text, we develop the analysis needed for the international investment and portfolio management process. The first three chapters lay the foundation of exchange rates, which link the economies of different countries and regions. The next five chapters explore the various assets available for international investing. The final five chapters develop the techniques and perspective of global investment and portfolio management.

In Chapter 2, we develop the theory of international parity conditions. This theory helps in defining real foreign currency risk, an important factor to be managed in global investing and portfolio management. We also introduce the various theories of exchange rate determination. In Chapter 3, we then explore techniques and empirical results in the difficult task of exchange rate forecasting.

Chapter 4 introduces a series of chapters on international assets. In that chapter, we develop international asset pricing in general, with attention to foreign currency risk. Then, Chapter 5 places a particular focus on the transaction costs involved in various equity markets and instruments allowing entry into international equity investments. Following this general introduction to international asset pricing, Chapters 6, 7, and 8 focus on the available international assets themselves: equities, bonds, and alternative investments, respectively.

After building cases for and against international diversification in Chapter 9, we move into the foreign currency risk-and-return analysis needed for international portfolio management. We develop the risk-control techniques available with derivatives in Chapter 10 and then apply these techniques to currency risk management in Chapter 11. Then, in Chapter 12, we examine the performance measures to judge the risk-return contributions of international diversification. Finally, we summarize the global investment and portfolio management process in Chapter 13. Throughout the text, we attempt to isolate those elements of the process that have unique international aspects.

Chapter 1 deals with foreign exchange quotes and the relationships between different types of quotes, as well as the nature of bid–ask spreads in the foreign exchange market. The exchange rate quotes for current and future delivery must be aligned with the risk-free interest rates in the two countries for which the quotes are given. Chapter 1 presents the basic facts of foreign exchange involving quotation interpretation and arbitrage. Foreign exchange theories are saved for subsequent chapters.

Currency Exchange Rate Quotations

A currency exchange rate is the rate used to exchange two currencies. An exchange rate states the price of one currency in terms of units of another currency.

Before reviewing the international currency market, we will develop some basic notation. Over time, exchange rates change, so we will assume values for the current exchange rate, knowing that the actual values can be quite different by the time the reader views our printed page.

Suppose now that we are told that the current exchange rate between the dollar ($) and the euro (€) is 0.8. That information is unhelpful because we have not been told whether this is a price quote for the dollar or for the euro.

By convention, we will present all quotes in this book as $a{:}b = S$ where

a is the quoted currency

b is the currency in which the price is expressed

S is the price of the quoted currency a in units of currency b

For example, $:€ = 0.8 indicates that one dollar is priced at 0.8 euros. Sometimes newspapers will report this as 0.8 euros per dollar.

Conversely, we can also express the exchange rate between the dollar and the euro as €:$ = 1.25, where the euro is the quoted currency in units of dollars. The euro is priced at 1.25 dollars. Hence, we have

€:$ = 1.25 and

$:€ = 0.80

Similarly, the dollar may be quoted as 120 Japanese yen (¥) per dollar, so that 100 yen are worth 0.8333 dollars. Quotations for the yen are usually indicated for 100 yen rather than for one yen because of the small value of the yen. Using the notation $a{:}b$, the quotations are

$:¥ = 120 and

¥:$ = 0.8333

Abbreviations are used to refer to the various currencies. These abbreviations could be commonly used symbols or "official" three-letter codes. Financial newspapers such as the *Financial Times* generally use symbols, while traders use three-letter codes. Symbols include $ (U.S. dollar), ¥ (Japanese yen), € (euro), £ (British pound), A$ (Australian dollar), and Sfr (Swiss franc). Three-letter codes for the same currencies are USD, JPY, EUR, GBP, AUD, and CHF. We will alternatively use in this book the various currency abbreviations that are commonly encountered. For example, the Japanese yen can be referred to as ¥, JPY, or yen.