

International Investment Analysis

Prof. Jeffrey (YuQing) Shen

Goals:

This course delivers the theoretical framework, the quantitative tools and the practical issues that are critical for global investment management. The focus of the course is on active asset allocation and macro portfolio management. We develop the fundamental framework of investment in a world with time-varying investment opportunities and risk. We focus on the most recent advances in portfolio management techniques. In addition, we conduct in-depth discussions on the current investment issues that many institutional and individual investors face.

Overview:

The course is composed of three main parts. We begin with the **strategic asset allocation** decision. This is analyzed from a long-term perspective, but it is particularly relevant now as investors start to gauge the secular implications of the equity market downturn. Next we discuss **tactical asset allocation**, which uses short-term changes in investment weights to capture varying investment opportunities. We will focus on the process for return prediction and risk management. Various investment strategies used in practice will be discussed. Finally, given the challenging funding environment and lower expected asset returns, we focus on the several current **international investment issues** that institutional and individual investors face.

The Course on the Internet

We will make use of the Internet for lecture notes, resource materials and communication. Indeed this course outline itself will change: the definitive version is the Web site at Blackboard. Look for the class "International Investment Analysis" at your front page. Students who have registered for the class should have automatic access to the class site.

Most of the class materials can be downloaded from Blackboard. (You will need the Acrobat reader, available free from Adobe's Web Site <http://www.adobe.com>.)

Textbook

I haven't found ONE good textbook for the class, but I can recommend several books. We will reference to the relevant chapters as the class progresses.

Prerequisites

Corporate Finance. Investment or Portfolio Theory is helpful but not required. Some familiarity with statistics.

Portfolio Management Simulation

Each student will start by constructing a *strategic* portfolio for an institutional client with certain investment profile. Using the techniques from the class, students will *tactically* allocate the portfolio and control risk. A part of the evaluation of this simulation will depend on the out-performance of the simulated portfolio relative to its benchmark (like in the real world!).

Grading

The course grade will be determined as following:

Portfolio Management Simulation*40% + Class Participation*10% + Final Examination*50%

Instructor

Jeffrey (YuQing) Shen, vice president, is a portfolio manager and product heads for the global macro absolute return product and total return product in the Global Multi-Asset Group. He is also the global head of Asset Allocation Research and a member of the Global Asset Allocation Strategy Team. A JP Morgan employee since 1997, Jeffrey has previously worked in the portfolio advisory function in London advising European clients. Prior to that, he worked for the firm's New York office on fund of hedge funds product development and risk management research. Jeffrey holds a B.A. from Hobart College and a Ph.D. in finance from the Stern School of Business, New York University.

Email: yshen@stern.nyu.edu

Office Address: Finance Dept, Henry Kaufman Management Center, NYU