

Preface

In recent years, the globalization of the financial markets has become increasingly accelerated, leading to an integrated world market. At the same time, emerging markets such as China and India have opened up their markets to foreign investors, providing more investment opportunities for the existing investment universe. In addition, more new global investment instruments such as exchange-traded funds are created, enabling investors to fine-tune their investment portfolios. Financial investments are expanded to include real asset investments such as natural resources and real estate investments. Thus, there is a need to better understand the full range of investments available in the global market.

There are two basic approaches that are useful in understanding international investments. The first is presenting and discussing risk/return tradeoffs such as foreign exchange risk, regulatory risks, and different market impediments in global financial markets. The second is identifying different asset classes and current issues pertaining to them in a changing global environment. We adopt the second approach in this book because it contains more relevant information about the current state of global investments. Current hot topics (new financial instruments, innovations, and strategies), are identified and different authors who have expertise in various aspects of international investments are solicited to write for each chapter. Each chapter focuses on the risk and opportunities related to the current topic or the financial instrument, innovation, and/or strategy identified. In addition,

alternative investment instruments are included, enabling readers to have a richer and a more complete understanding of the global investment opportunities.

For easy reference and organization, chapters are organized by asset class, which can be labeled as the traditional and alternative investments. The thread that runs through the entire book is: (1) trends (what is the current topic/instrument/strategy in the chosen asset class), (2) opportunities (what is new and/or where to invest or arbitrage, i.e., location); and (3) risks (what are the risks, i.e., peculiar to the location and how international investors can manage/reduce/eliminate the respective risks).

This book has 11 chapters. The first two chapters are the introduction and an overview of global investments. The next two chapters are related to global equity investments, followed by one on global fixed income investments and portfolio management. Four chapters are on alternative investments. The final two chapters are on derivatives and their use in risk management.