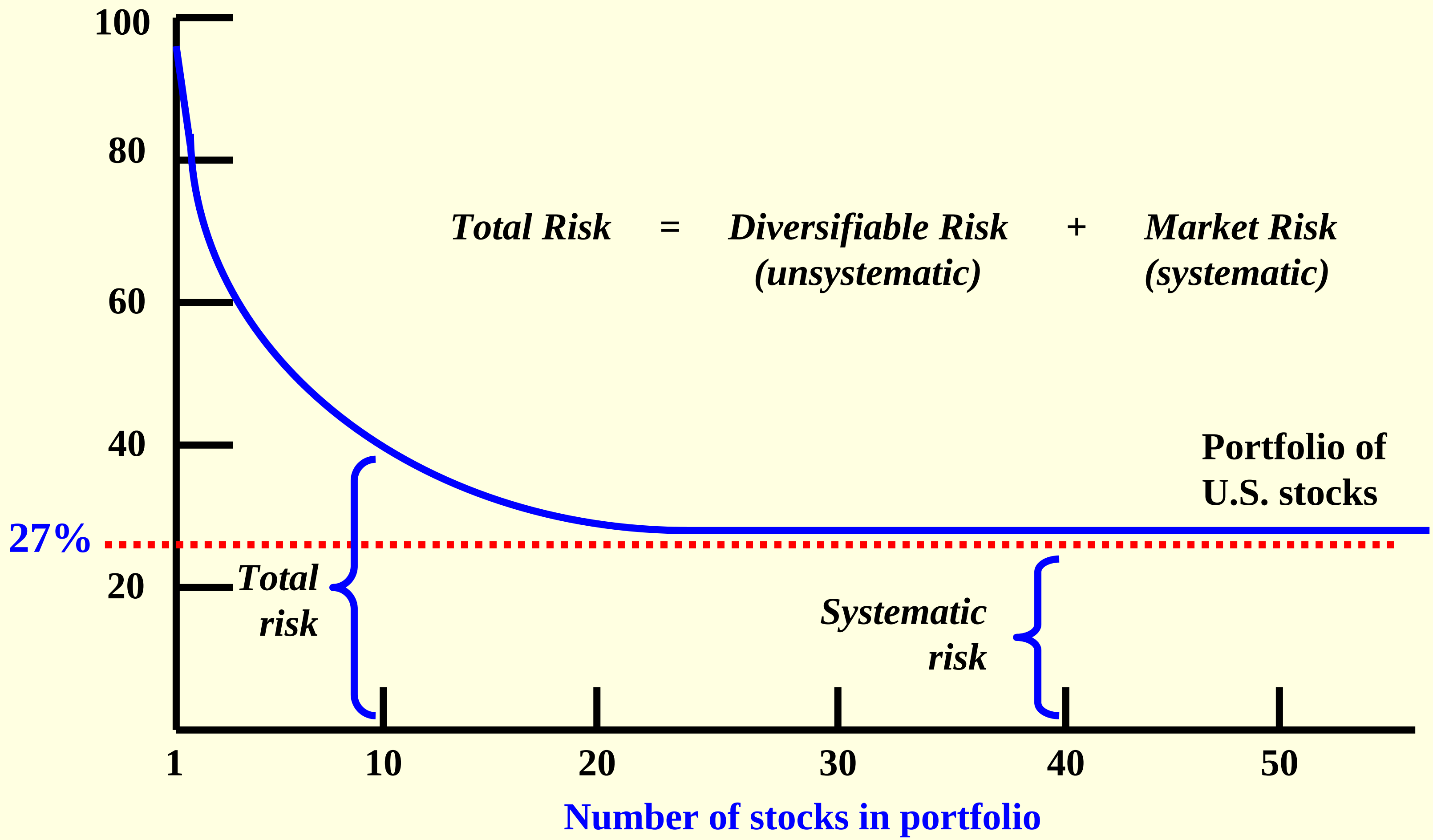
国际财务管理

第六讲 跨国公司资本预算

对外经济贸易大学国际商学院会计学系制作

Exhibit 1 Portfolio Risk Reduction Through Diversification

Percent risk = $\dfrac{\text{Variance of portfolio return}}{\text{Variance of market return}}$



By diversifying the portfolio, the variance of the portfolio's return relative to the variance of the market's return (beta) is reduced to the level of systematic risk -- the risk of the market itself.

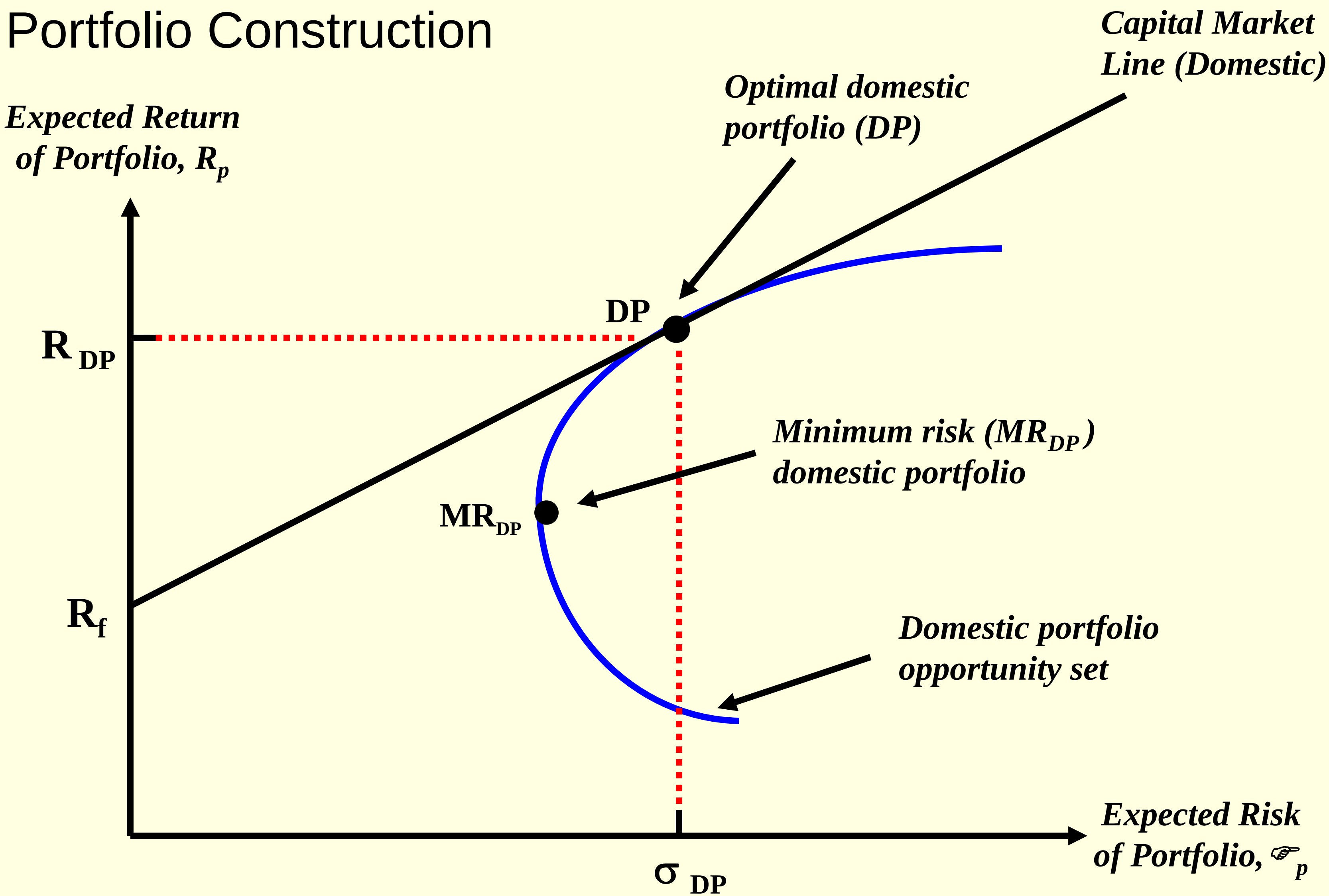
International Diversification and Risk

- The total risk of any portfolio is therefore composed of *systematic risk* (the market) and *unsystematic risk* (the individual securities).
- Increasing the number of securities in the portfolio reduces the unsystematic risk component leaving the systematic risk component unchanged.

Internationalizing the Domestic Portfolio

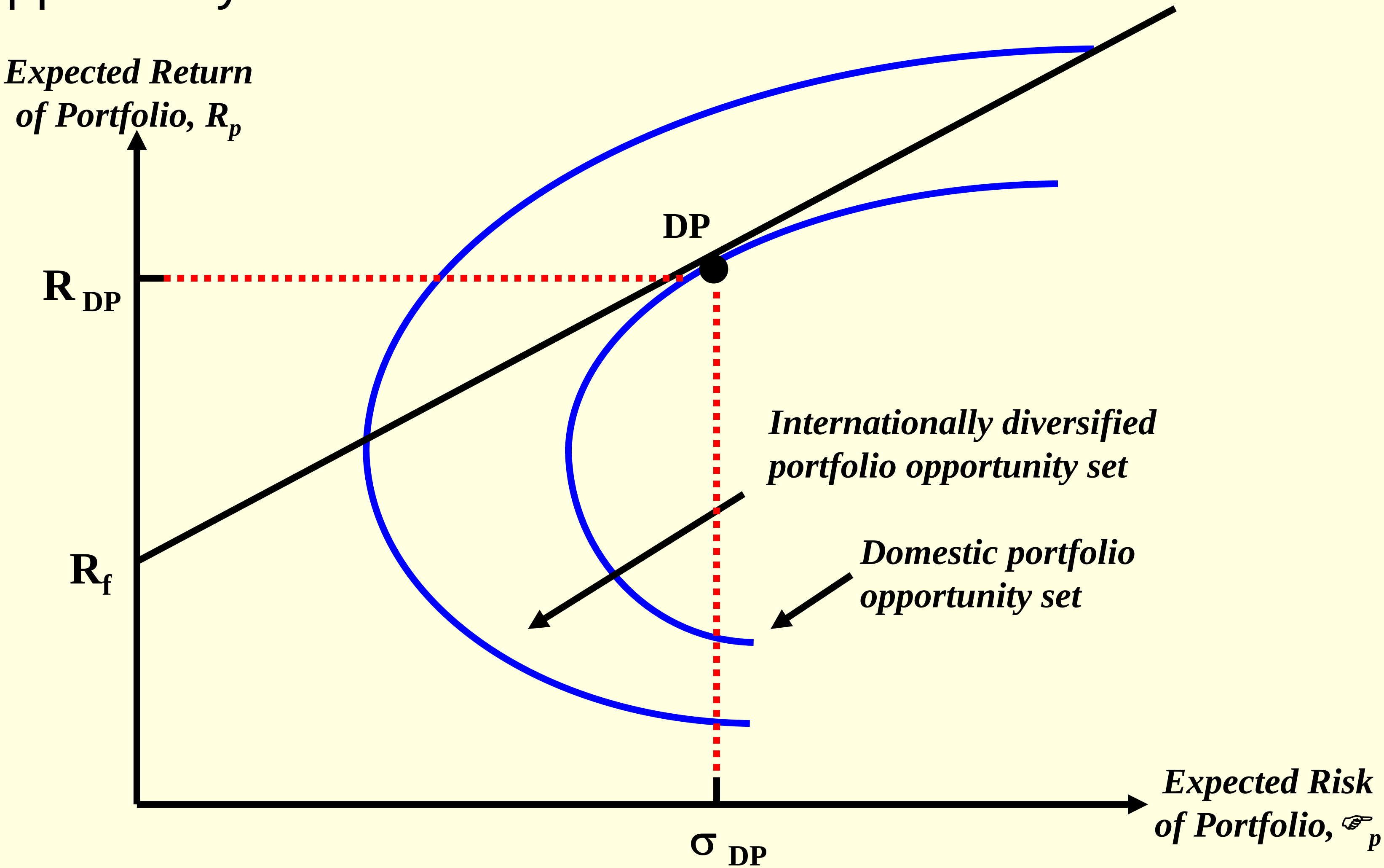
- Classic portfolio theory assumes a typical investor is risk-averse.
- This means an investor is willing to accept some risk but is not willing to bear unnecessary risk.
- *The typical investor is therefore in search of a portfolio that maximizes expected portfolio return per unit of expected portfolio risk.*

Exhibit 2 Optimal Domestic Portfolio Construction



An investor may choose a portfolio of assets enclosed by the *Domestic portfolio opportunity set*. The *optimal domestic portfolio* is found at DP, where the Security Market Line is tangent to the domestic portfolio opportunity set. The domestic portfolio with the minimum risk is designated MR_{DP}.

Exhibit 3 The Internationally-Diversified Portfolio Opportunity Set

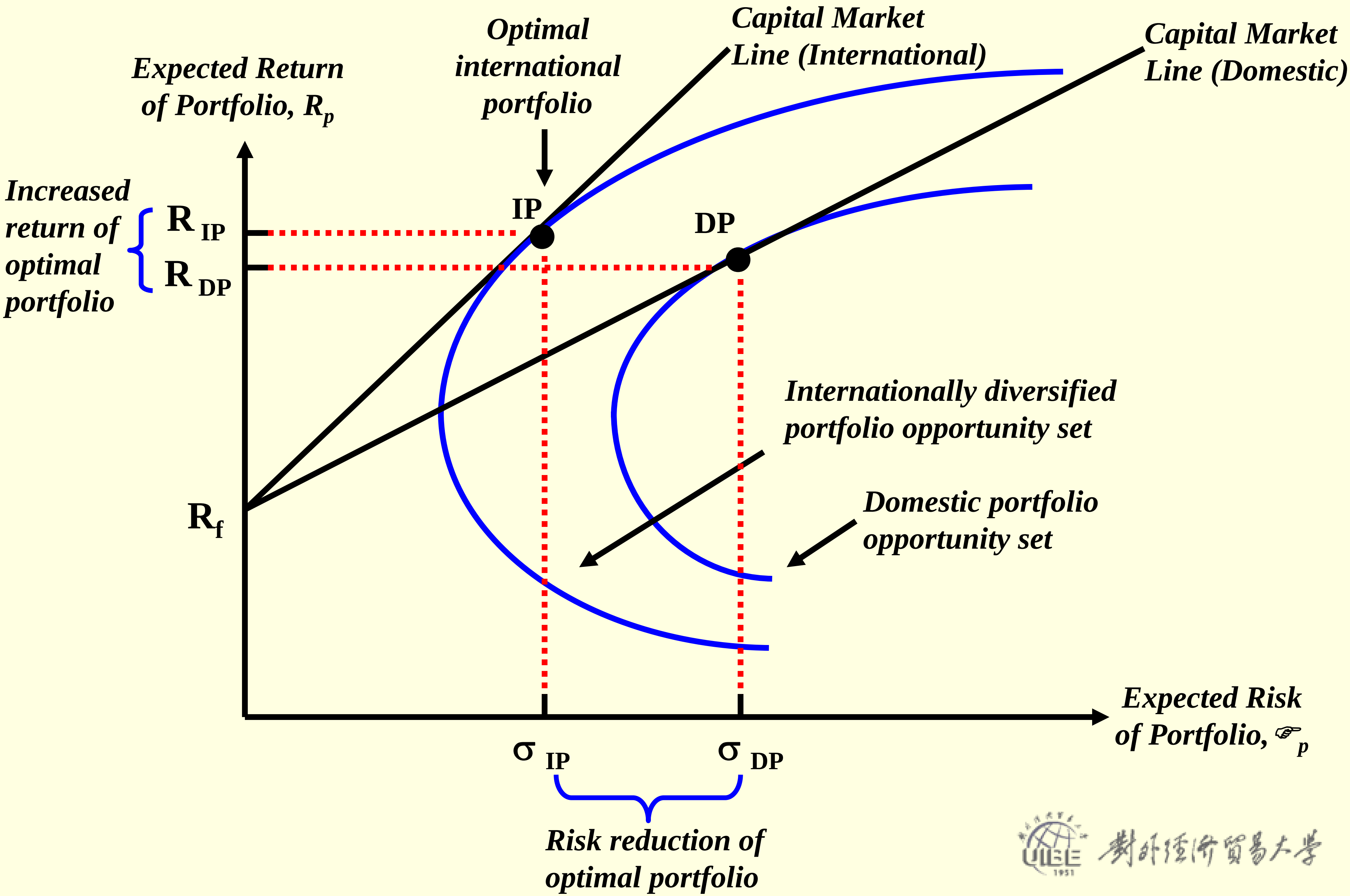


The addition of internationally-diversified portfolios to the total opportunity set available to the investor shifts the total portfolio opportunity set left, providing lower expected risk portfolios for each level of expected portfolio return.

International Diversification and Risk

- It is critical to be clear as to exactly why the internationally diversified portfolio opportunity set is of lower expected risk than comparable domestic portfolios.
- The gains arise directly from the introduction of additional securities and/or portfolios that are of less than perfect correlation with the securities and portfolios within the domestic opportunity set.

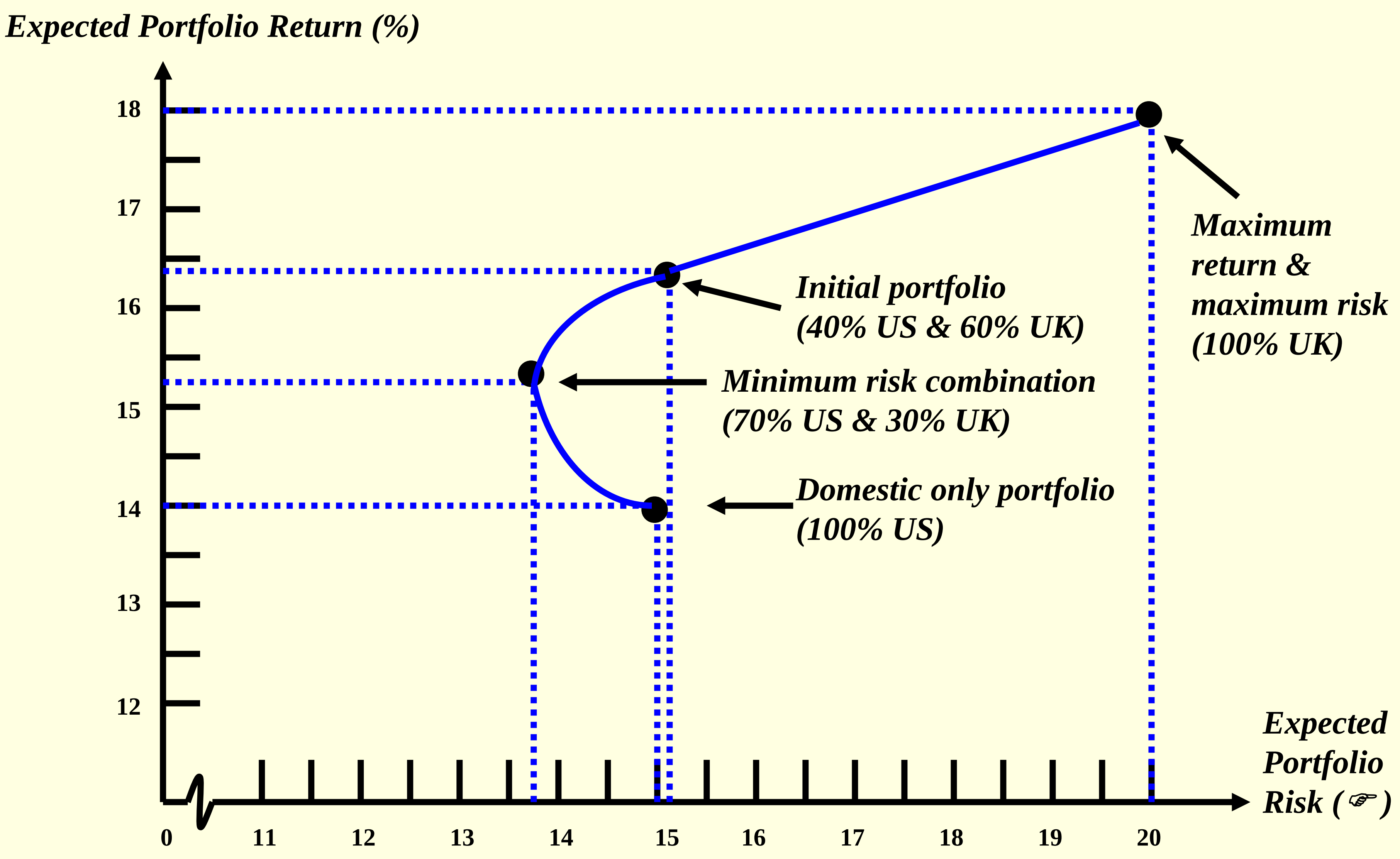
Exhibit 4 The Gains from International Portfolio Diversification



International Diversification and Risk

- An investor can reduce investment risk by holding risky assets in a portfolio.
- As long as the asset returns are not perfectly positively correlated, the investor can reduce risk, because some of the fluctuations of the asset returns will offset each other.

Exhibit 5 Alternative Portfolio Profiles Under Varying Asset Weights



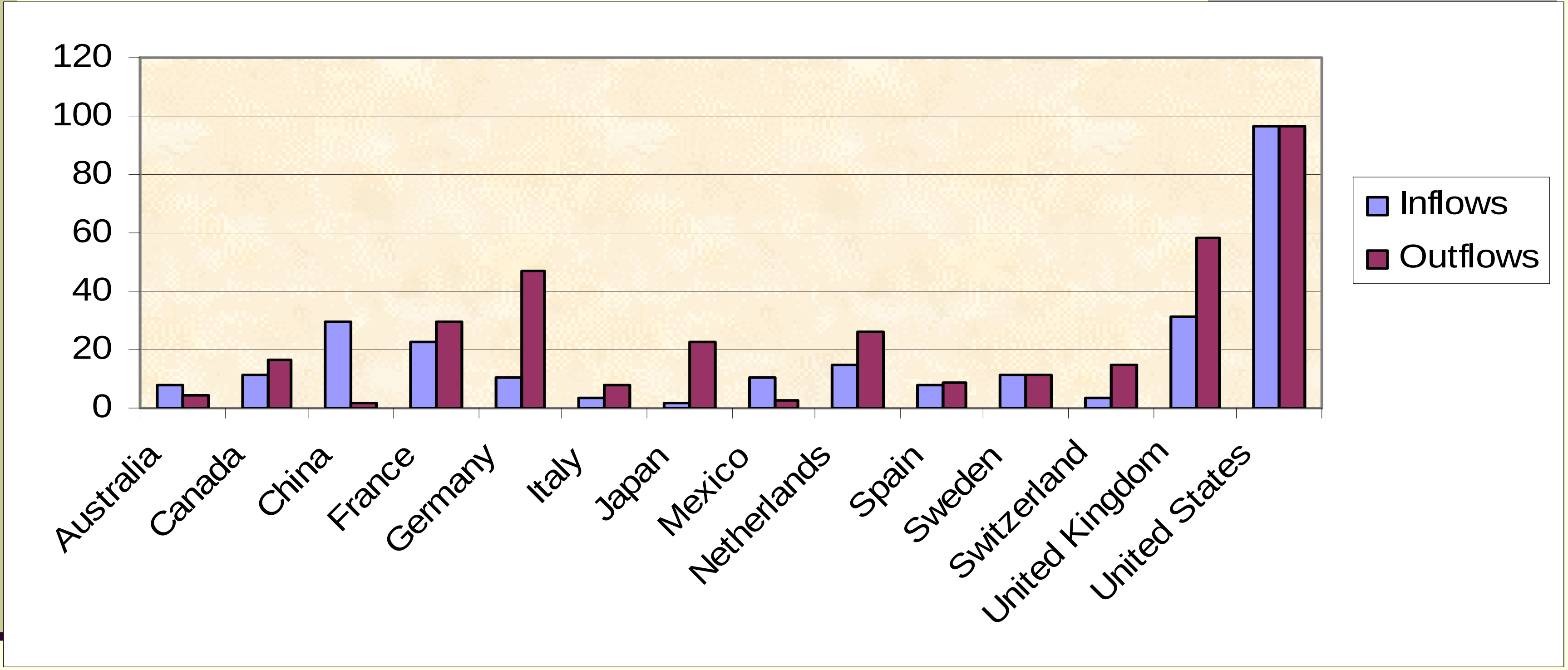
Multinational Capital Budgeting

- **Capital budgeting for a foreign project uses the same theoretical framework as domestic capital budgeting.**
- **The basic steps are:**
  - **Identify the initial capital invested or put at risk**
  - **Estimate cash flows to be derived from the project over time, including an estimate of the terminal or salvage value of the investment**
  - **Identify the appropriate discount rate to use in valuation**
  - **Apply traditional capital budgeting decision criteria such as NPV and IRR**

Complexities of Budgeting for a Foreign Project

- Capital budgeting for a foreign project is considerably more complex than the domestic case:
  - Parent cash flows must be distinguished from project cash flows
  - Parent cash flows often depend on the form of financing
  - Additional cash flows generated by a new investment in one foreign subsidiary may be in part or in whole taken away from another subsidiary

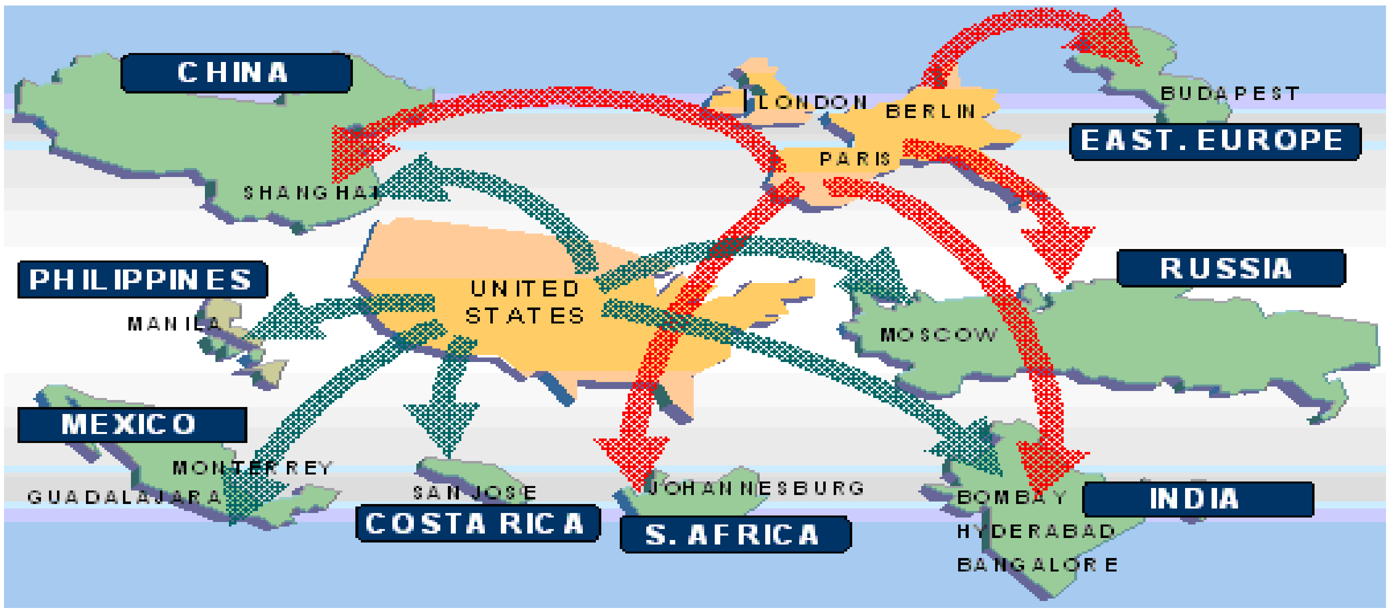
Why Do Firms Invest Overseas?



- About 90% of total world-wide FDI comes from the developed world.
- Both developing *and* developed nations are the recipient of inflows of FDI.

Why Do Firms Invest Overseas?

- **Theory of Comparative Advantage**



MNEs based in many of the major industrial countries are outsourcing many of their intellectual functions to providers based in many of the traditional emerging market countries.

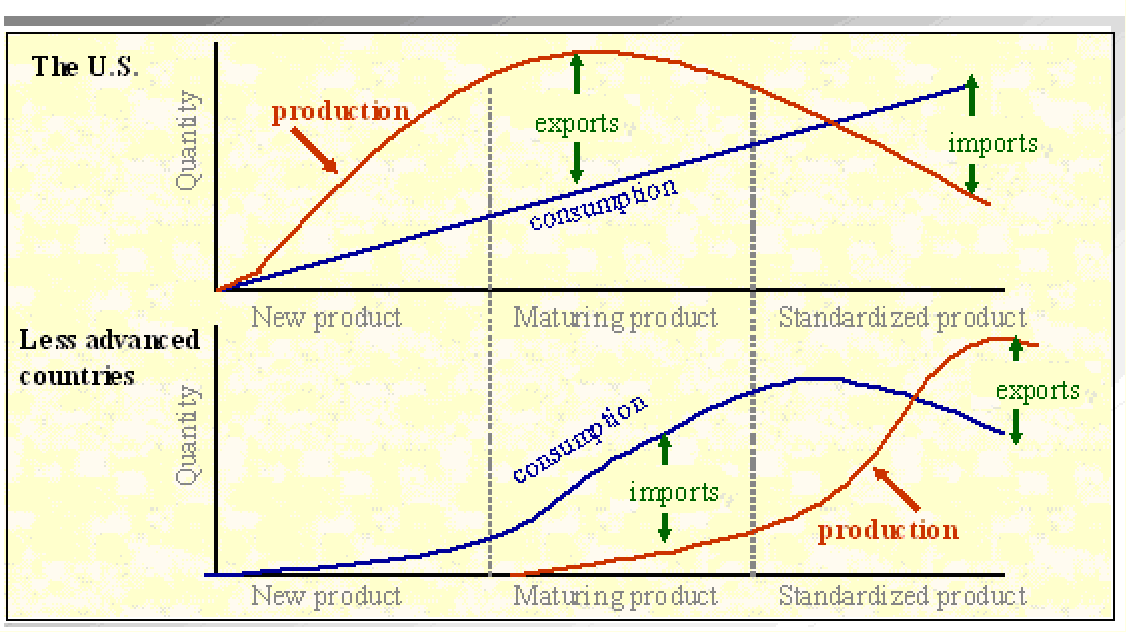
Why Do Firms Invest Overseas?

- **Trade Barriers**
- **Labor Market Imperfections**

Country	*Hourly Cost*
Germany	$27.37
Japan	$21.38
France/U.S.	$17.10
Israel	$9.06
Taiwan	$5.47
Mexico	$2.57

Why Do Firms Invest Overseas?

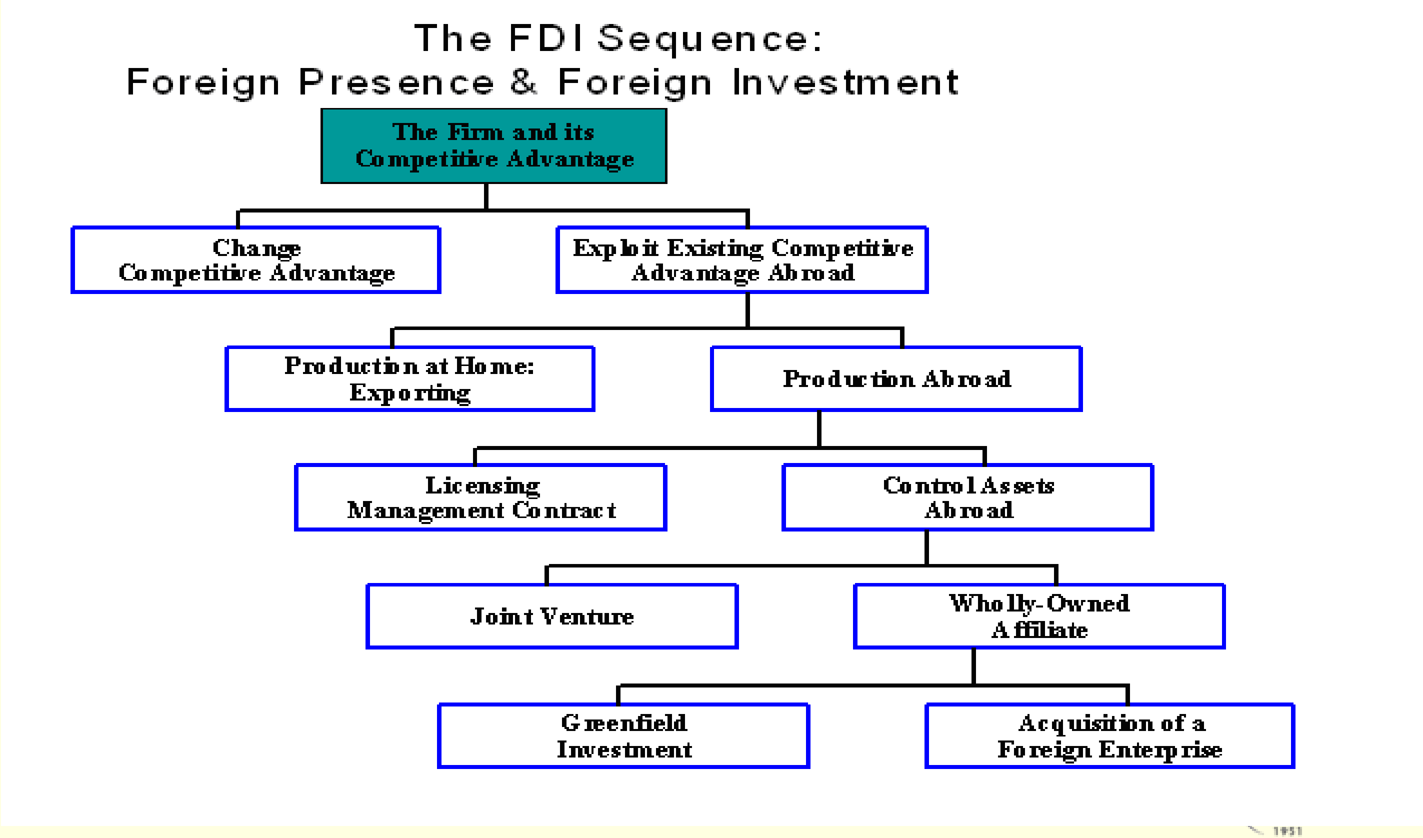
- **Intangible Assets**
- **Vertical Integration**
- **Product Life Cycle**



New product: 较少出现**FDI**
Maturing product: 到海外组建合资企业
Standardized product: 将产品生产转移到成本较低的国家，一方面利用当地廉价的生产要素，另一方面打破当地的贸易保护来占领当地市场。

Why Do Firms Invest Overseas?

- Shareholder Diversification
- Cross-Border Acquisitions



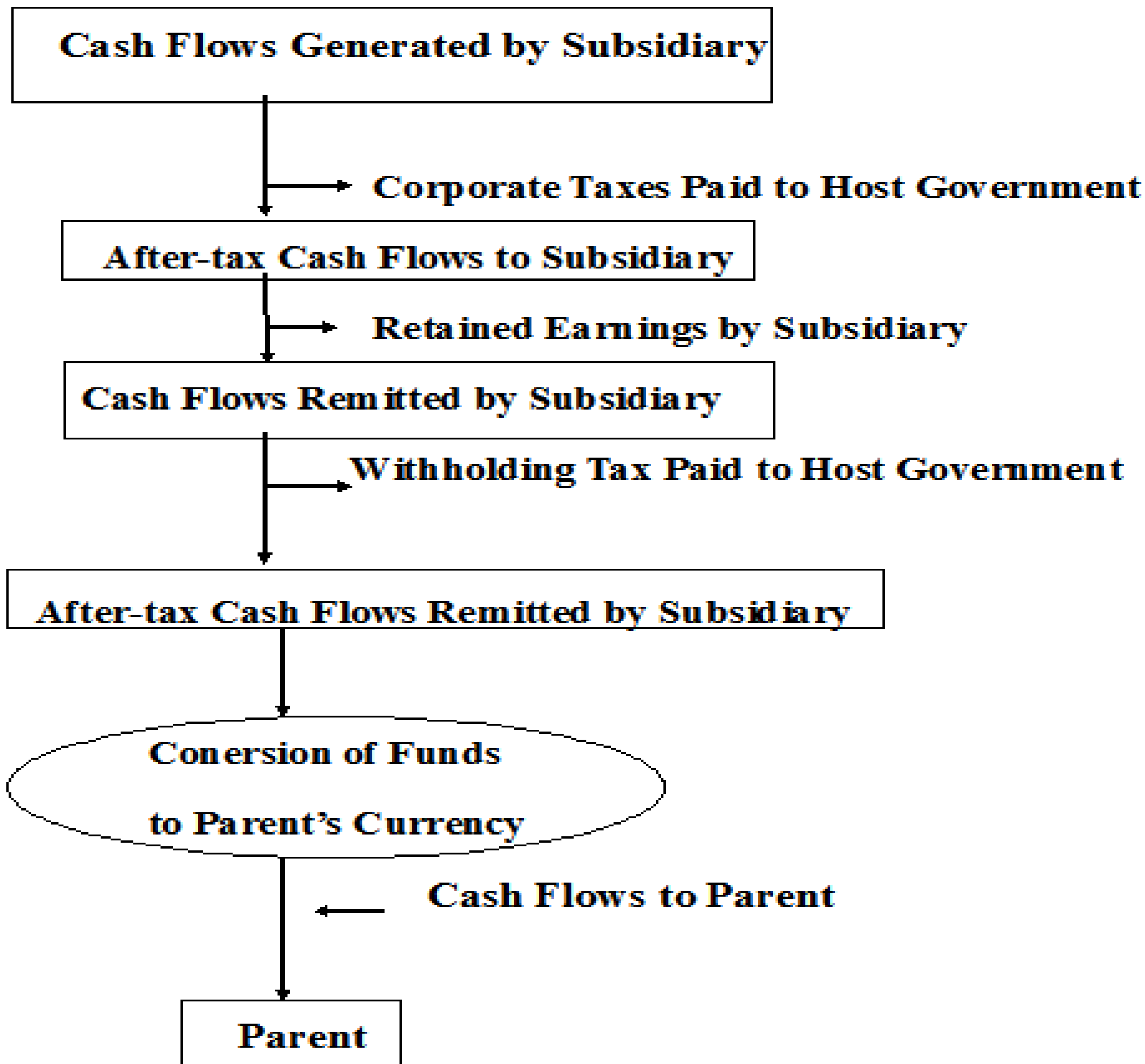
Subsidiary versus Parent Perspective

- **Tax Differentials**
- **Restricted Remittances**
- **Excessive Remittances**
- **Exchange Rate Movements**

案例分析

- 中国五矿在巴西投资伊塔明铁厂

有关子公司收益返回母公司的过程如下：



综合案例分析

- Spartan Inc.