

FIN579 C&D  
**Asian Capital Markets**

Winter Quarter 2020  
Monday 6:00 – 9:15 pm, Paccar Hall 295  
Stephan Siegel  
(ss1110@uw.edu)

**Goals**

This 2-credit course provides you with a framework to think about capital markets and financial systems in Asia, the fastest growing continent over the past 40 years. To focus ideas, we will typically approach topics from the perspective of a U.S investor, including corporate investors engaging in cross-border greenfield investments and mergers and acquisitions. Naturally, many of the questions we will discuss are also relevant for individual investors, investing, for example, for retirement.

Asia is a huge and diverse continent, and we will be able to cover only a small set of countries. Specifically, we will study China, India, and Japan in some depth and hear about Hong Kong and Cambodia from some of our guest speakers. In terms of asset classes, we will cover currencies, stocks, real estate, and private equity.

Of course, many of the questions we will encounter when analyzing a specific case or investment opportunity in a given country will apply to other countries in Asia and often beyond Asia. Indeed, one key objective of this course is to understand the many dimensions, which characterize a country's financial system and along which countries can and do make different choices, compared to, for example, the U.S. These choices include the type of exchange rate regime, the regulation around foreign capital entering and leaving a country as well as around foreign ownership of local assets, the organization of equity, bond, and derivative markets as well as of the banking sector and the role of state owned enterprises (SOEs).

**Learning Approach and Materials**

The course will combine case discussions, lectures, and several guest speakers. While business cases allow you to explore a given asset class in the specific setting of one country, lectures will provide an overview over how other Asian economies and, importantly, a general economic framework. Guest speakers will give us up-to-date insights into conditions and developments in Asia.

You are expected to prepare all cases we will discuss and read the background material assigned for each class. In addition, reading about current trends in Asian capital markets in the financial press, such as the Wall Street Journal, the Financial Times, or the Economist, will allow you to benefit from discussions with our guest speakers.

Cases and copyright protected reading materials will be in your required course packet (available through the University Bookstore). Additional reading materials, including required as well as optional readings, and lecture slides will be available on Canvas. I will also provide detailed questions for each case as well as additional commentary on readings and related topics on Canvas. Please refer to Canvas for your preparation for each class.

Depending on your finance background, you might want to consult an international finance textbook to familiarize yourself with some of the finance topics which we will discuss. The book, which I recommend and which I will make available through the Foster Library, is Eun and Resnick, International Financial Management. For Asian Capital Markets the textbook is not required, but an option to dig deeper into the international finance aspects of the course.

The course is paired with an optional study tour to Asia, organized by the Global Business Center. As part of the study tour, we will visit Nanjing and Shanghai, China, as well as Tokyo, Japan between March 21 and 29, 2020. The objective of the study tour is to further enhance your understanding of investing in Asia, with a focus on Japan and China, through in-country meetings with investors, local financial institutions, and government officials.

Participation in the study tour is not required for successful completion of this course, but participation in the study tour requires that you take this course. Study tour participants will also be required to attend additional pre-departure sessions and will have additional deliverables. Successful participation in the study-tour provides you with two additional course credits, such that successful completion of this course and the study tour corresponds to a total of four credits. The Global Business Center administers the study tour to Japan and China.

All course requirements listed in this syllabus apply only to the “Asian Capital Markets” course.

### **Requirements and Grading**

Your grade in this course will be based on the following:

- Participation in class discussions (individual) 40%
- One case write-ups and one topic write-up (group) 60%

Participation in class discussions is important in this class. You will understand and remember the material better if you participate in the discussions. Also, you will contribute to the learning of others in the class. The *quality* of your participation is more important than *quantity*. You should try to participate in each session, without dominating the class discussion.

Each study group, consisting of up to three students, will prepare a written analysis of one of two business cases (Classes 4 and 7). The case write-ups are due at the beginning of the class, in which the case will be discussed. I will provide specific questions for each case write-up that I ask you to address.

Each group also has to prepare a write-up on a topic related to Asian capital markets. I will provide several topic ideas at the beginning of the quarter, some of which will be provided by our guest speakers. While a topic write-up should provide an overview over a given subject, it must go beyond a summary of facts and include an (*economic*) *argument* why or how something of relevance to investors has happened, is happening or will happen. All topic-write ups are due by midnight of Friday, March 13.

All write-ups should be no more than four pages of double-spaced text, with no more than four pages of charts or tables. The grade will depend on the *quality* of the analysis and the *effectiveness* with which you present your argument.

## Course Schedule

The class will meet on seven Monday evenings between 6 and approximately 9:15 pm.

### Course Schedule: Winter 2020 (subject to change)

#### Class 1 – Jan. 6, 2020

- Lecture: Asia: An Introduction
- Lecture: Financial Systems: Elements and Comparisons
- Finance background reading: Eun and Resnick: Chapters 2 and 11

#### Class 2 – Jan. 13, 2020

- Lecture: Growth, Market Segmentation, and Global Asset Allocation
- Guest Lecture: Investing in Japan  
*Brian Heywood*, Managing Partner and CEO, Taiyo Pacific Partners, Seattle
- Finance background reading: Eun and Resnick: Chapters 12, 13, and 15

#### Jan. 20, 2019: Holiday: No Class

#### Class 3 – Jan. 27, 2020

- Lecture: FX: Basics
- Case: Whither the U.S. Dollar
- Guest Lecture: FX Investing  
*Mark Whitmore*, Principal, Chief Executive Officer, Whitmore Capital Management, Seattle
- Finance background reading: Eun and Resnick: Chapters 2, 5, and 6

#### Class 4 – Feb. 3, 2020

- Case (one out of two for case write-up): Alibaba's Bonds Dilemma: Location, Timing, and Pricing
- Guest Lecture: China's Financial System  
*Jun Qian*, Professor of Finance and Executive Dean, Fanhai International School of Finance (FISF), Fudan University
- Finance background reading: Eun and Resnick: Chapters 12 and 15

#### Class 5 – Feb. 10, 2020

- Lecture: Private Equity and Corporate Acquisitions
- Case: Leopard Capital: Private Equity in Cambodia
- Guest Lecture: Private Equity in Frontier Markets  
*Doug Clayton*, Founder & CEO, Leopard Capital, Phnom Penh
- Finance background reading: Eun and Resnick: Chapter 16

Feb. 17, 2020: Holiday: No Class

Feb. 24, 2020: No Class

Class 6 – March 2, 2020

- Lecture: Real Estate Investing
- Guest Lecture: India's Financial System  
*Ashwini Kumar Tewari, Country Head: US Operations, State Bank of India, New York*

Class 7 – March 9, 2020

- Case (one out of two for case write-up): SOHO China: Transformation in Progress
- Guest Lecture: Real Estate Investing in Hong Kong and Mainland China  
*Peter Churchouse, Director, Asian Property Services, Hong Kong*

Friday, March 13: Topic write-up is due.

**Religious Accommodations**

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](#). Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form](#).