

# **SYLLABUS**

## **EMERGING MARKETS FINANCE**

### **COURSE DESCRIPTION**

**FRANCISCO DROHOJOWSKI**

**FALL 2019**

In the next 10 years Emerging and Frontier Markets will be responsible for over half of the world's GDP. Over the next 14 weeks we will be studying the political, economic, socio-cultural and technological landscapes in various regions of the world. Navigating and investing in these markets is the primary objective.

The course will take a highly practical and applied approach to investing, with a focus on Equities and NOT Fixed Income. We will begin by creating several investment teams and each group will be responsible for a specific market such as Brazil, Mexico, Russia, South Africa, Turkey, China, etc.

Each team is responsible for three investment presentations on the market of your choice that will be given in class to your peers. The first presentation will be a "Top Down" view on the country/market and should touch upon political risk, currency risk, demographics, income growth, urbanization, drivers. The second presentation expected from each team is a discussion about the equity market in your country and a presentation of a virtual long/short portfolio of stocks. This presentation will include an overview of

all the stocks that comprise the respective index, a brief description of the most important stocks and their liquidity, volatility and the importance of each sector in the economic life of your market. Your portfolio discussion will require that you present a detailed analysis of your positions and a defense on why it should be a long or a short position. Please note that, once your portfolio goes live, you will be able and are encouraged to change your positions as often as you want like since some of your virtual trades may backfire and some others will have achieved the desired return. You will not be graded on the performance of your book but by how well you work as a team, the conviction of your stock choices, the ability to recover from bad choices and the overall creative process involved in portfolio management. The third presentation will be a short update on your performance.

The course will also include a select group of guest speakers from various industries that focus on emerging and frontier markets. You are required to prepare and participate in all class discussions. You are also required to read - The Rise and Fall of Nations by Ruchir Sharma and be prepared to discuss international market events that may affect the market you chose.

Last but not least, students will be required to take Bloomberg Markets Concepts (BMC) course and receive a certificate of completion from Bloomberg before the midterm exam. **This course will teach you how to use 70 functions in the terminal and allow you to get the proficiency certificate on your resume.** Bloomberg practitioners will be invited

to discuss the key functions that can be applicable for this course.

### **Grading Criteria:**

<b>Macro Presentation:</b>	15%
<b>Equity Market, Portfolio Presentation and Performance Updates:</b>	25%
<b>Mid Term</b>	10%
<b>Final Exam:</b>	20%
<b>Team and class participation*</b>	20%
<b>BMC Certificate</b>	10%

\*A 360 degree evaluation will be required. i.e. Students will be required to evaluate every member of their team, including themselves.

Professor reserves the right to change and adapt the course as needed. Professor will also give spot quizzes on how certain current global events affect the equity markets in general as well as the market each team has chosen.

### **DETAIL**

#### **What are Emerging and Frontier Markets**

**Week 1:** Introduction to Emerging and Frontier Markets. We will be answering the question what makes a country an emerging or frontier market? The discussion will naturally lead to understanding the characteristics, economy, geopolitics, effects of creative destruction in the creation of a middle class, and relevant current events of these markets among other topics.

**Week 2:** Investment Teams select their EM countries with analytical data to support their picks. There will be a discussion of relevant sectors and their correlation to their economies, liquidity parameters and FX volatility.

**Weeks 3 & 4:** Top down presentations from Investment Teams of the EM markets of their choice.

### **How to Invest in Emerging Markets**

**Week 5:** Investing in Equities in Emerging Markets. What should we consider when investing in EM? What countries are relevant in an EM portfolio and why? What are the liquidity, taxation, accounting standards, FX restrictions and macro considerations? What else?. Brief discussion on the most important markets in the EM universe.

**Weeks 6 & 7:** Investment Teams present specific finance and valuation analysis on the stock market(s) of their choice. Students will be expected to build a valuation model of at least one long and one short position. The expectation is that there will be an active class participation during these presentations.

**Mid term exam: OCTOBER 21 or 23 – TAKE NOTE**

will cover all relevant course material to this point as well as presentations and topics from guest speakers, if any.

### **Application of Emerging Markets & Portfolio Strategy**

**Weeks 8, 9 & 10:** Investment teams present their portfolios and defend their choices of longs and shorts. Intense involvement is required from both presenters and class. Each Investment Team will be required to make two stock pitches, one long and one short. This will be preceded by a discussion of the market environment and followed by the recommendation. Industry professionals might be present to assist in the evaluation.

Teams will be responsible for creating a “live blog”, accessible to the class, where each group will report any relevant news that could impact their picks.

**Week 11, 12, 13 & 14:** Monitoring of portfolios. Brief explanations from each investment team of their portfolio performance. Discussion of whether their strategy is working or not and changes made to the portfolio. There will also be an overall discussion of personal experiences about investing in emerging markets combined with a series of guest speakers that are either Portfolio Managers in the EM space, CEO's or CFO's of EM companies and strategists.

**Final Exam:** The Final Exam will consist in a portfolio performance evaluation. What worked and what did not. In addition, **students will be required to do a write up on a Frontier Market of their choice.**

## **ACADEMIC INTEGRITY**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct)

To help ensure the integrity of our learning community, prose assignments you submit to Blackboard will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your

document will become part of the Turnitin database.

### **GENERAL CONDUCT & BEHAVIOR**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academicpolicies/index.htm>) and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

### **STUDENTS WITH DISABILITIES**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD, 998-4980, [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.

### **GRADING GUIDELINES**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure

fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

The Finance Department has elected to use the following grading guidelines for this course and all other elective courses. Instructors should award grades of "A" or "A-" to approximately 35% of students in elective courses with enrollments of more than 25 students.