

INVESTMENT PERFORMANCE OF MULTINATIONAL COMMON STOCK PORTFOLIO IN RELATION TO BUSINESS CONCENTRATION STRATEGY IN EMERGING MARKETS

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ABSTRACT

The global competition and market saturation has led the corporate managers to look for business opportunities in emerging markets. The purpose of the research was to determine whether the investors have opportunities to make excess returns in emerging markets. This study investigated whether an investor or investment manager will be able to achieve better risk-adjusted returns by building a portfolio of multinationals with business concentration in emerging markets compared to a portfolio of multinationals with concentration in developed countries. The primary purpose of this paper was to determine whether the diversification of multinationals in emerging markets results in higher return and lower risk. The secondary purpose was to investigate whether a portfolio of multinationals with concentration in emerging markets provides a better return to investors than a portfolio of multinationals with concentration in developed countries. The results of the analysis suggest that multinationals with business concentration in emerging markets have potential for providing superior risk-adjusted returns than the multinationals with concentration in developed countries.

KEYWORD: investment performance, risk and returns, emerging markets, multinationals.
