NAMHOON AUGUST LEE

Southern Wesleyan University
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Education

Illinois Institute of Technology, IL
Ph.D. in Management Science *with Finance concentration*, 2012
Master of Science in Finance, 2006

Thunderbird, School of Global Management, AZ
Master of Business Administration, 2004

Korea University, Seoul Korea
Bachelor of Science in Physics, 1995

Ph.D. Thesis

Title	: Bayesian Momentum Strategy of the Exchange Rates
Thesis Supervisor	: John F.O. Bilson

Brief Synopsis of Dissertation

This research identifies the non-linear trend momentum in monthly exchange rate and examines the profitability of momentum trading model within exchange rate returns in the context of Bayesian econometrics. A development of Bayesian momentum trading strategy based on trend component of the spot exchange rate is established. In this research, we develop 2 models, one is assuming the momentum parameters are different from each currency, and the other is the parameters are same for all major currencies. The result from this research confirms simple nonlinear momentum model combined with Bayesian approach can be a good forecasting tool, and by correctly detecting the parameter space, Bayesian approach outperforms the classical maximum likelihood approach.

Teaching and Internship Experience

Assistant Professor of Finance, Southern Wesleyan University — Central, SC
(August 2015 ~ Present)

- Advised students
- Served as a member of Honor's Program Oversight committee
- Taught a full load of courses

Bachelor of Science in Business Administration

MGMT 3613 Managerial Finance 1	**F2015, F2016, AGS**
MGMT 3623 Managerial Finance 2	**S2016, AGS**
ECON 2103 Personal Finance	**S2017**

Master of Business Administration

MGMT 5103 Advanced Financial Management	**AGS**

Master of Science in Management and Leadership

MGMT 5123 Finance & Accounting for Non-Finance Managers	**AGS**

Assistant Professor of Finance, Vanguard University of Southern California — Costa Mesa, CA
(August 2013 ~ July 2015)

- Advised students
- Served as a member of sub-finance committee, and core curriculum committee
- Taught a full load of courses

Bachelor of Art in Business and Management

BUSN 215 Principles of Macro Economics	**F2013, S2014, F2014, S2015**
BUSN 216 Principles of Micro Economics	**F2013, S2014, F2014**
BUSN 470 Management Science	**F2014**
FINC 332 Money and Banking	**S2014**
BUSN 165 Business Statistics	**S2014, F2014, S2015**

Assistant Professor of Finance and Economics, Warner University   - Lake Walse, FL
(January 2013 ~ July 2013)

- Advised students
- Provided departmental and instructional services
- Taught a full load of courses

Master of Business Administration

BUS 5120 Managerial Economics	**S2013**
BUS 5060 Managerial Finance	**S2013**

Bachelor of Art in Business

ECO 2001 Principles of Macro Economics	**S2013**
ECO 2002 Principles of Micro Economics	**S2013**
BUS 3150 Management Science	**S2013**

Adjunct Instructor, *Stuart School of Business at Illinois Institute of Technology*   - Chicago, IL
(August 2010 ~ August 2012)

Master of Science in Finance

MSF-502 Econometric Analysis in Financial Markets	**F2010, S2011, F2011, S2012**
MSF-566 Financial Time Series Analysis	**F2011, S2012**
MSF-585 FOREX and Fixed Income Strategy	**F2011, S2012**

Master of Business Administration

MBA-507 Decision Making	**SU2012**

Teaching Assistant, *Stuart School of Business at Illinois Institute of Technology*

Master of Science in Finance

Financial Modeling I, Prof. Michael Oczkowski	F2007
Structured Fixed Income Portfolio Management, Prof. Geoffrey Harris	S2008
Market Risk Management, Prof. John Bilson	F2008

Internship and Professional Experience

Internship

AMERICAN FOUNDRY SOCIETY, Naperville IL, May-August 2009
Econometric Researcher – Product Development & Analysis

- Developed and Forecasted supply and demand of US Foundry Industry

Professional Experience

INTERNATIONAL BUSINESS TIMES KOREA, Seoul, Korea   June 2010 - December 2010
Foreign Exchange Market Analyst

- Analyze foreign exchange market on weekly basis
- Perform Fundamental and technical analysis for major currencies

SAMSUNG LIFE INSURANCE CO., LTD, Seoul, Korea   January 1998 - August 2002
Assistant manager, Market Development

- Prepared annual market sales plan and supported various tasks of branch manager
- Contributed to the award of The Best Branch in 1999
- Initiated an internet information exchange board to distribute real-time information and enhance loyalty of life planners.
- Handled customers complaints, analyzed the types of complaints, and prepared measures to prevent recurrence by establishing new system and educating for planners
- Developed new target customers and approach tools

ROK ARMY, Korea   February 1995 – May 1997
Infantry

Publication

Namhoon Lee and John Bilson,
 "Bayesian Momentum Strategy of the Exchange Rates"
The International Journal of Finance, Vol. 24, No. 4, 2012

Seungho Baek, Seungyoun Cha and Namhoon Lee
 "Diversification in Korean Banks: The Impact of Noninterest Income Structure on Probability and Risk"
Journal of Accounting and Finance, volume 15(2), 2015.

Yuntaek Pae, Sung C. Bae, and Namhoon Lee
"Idiosyncratic volatility and cash flow volatility: New evidence from S&P 500"
International Review of Financial Analysis, Volume 56, March 2018, 127~135

Conference Presentation

"Bayesian Momentum Strategy of the Exchange Rates" (October, 2012)
at *the Illinois Economics Association Annual Meeting*, Chicago, Illinois

"Cash Flow and Idiosyncratic Volatility" (October, 2014)
at *the Illinois Economics Association Annual Meeting*, Chicago, Illinois

"Foreign Exchange Market Overreaction" (February, 2015)
at *the Academy of Economics and Finance*, Pensacola, Florida

"Idiosyncratic Volatility and Cash Flow Volatility: New Evidence from S&P 500" (October, 2016)
at *the Academy of Financial Services*, Las Vegas, Nevada

Bayesian Momentum Strategy of the Exchange Rates

This research identifies the non-linear trend momentum in monthly exchange rate and examines the profitability of momentum trading model within exchange rate returns in the context of Bayesian econometrics. A development of Bayesian momentum trading strategy based on trend component of the spot exchange rate is established. In this research, we develop 2 models, one is assuming the momentum parameters are different from each currency, and the other is the parameters are same for all major currencies. Principal component analysis is used to analyze the exchange rate movements. PCA found that the first principal component shows parallel shift of all currencies and second principal component tilt shift where commodity currencies move down and non-commodity currencies move up. We found Bayesian PC-GARCH(1,1) performs better than classical PC-GARCH(1,1) in terms of Sharpe ratio, Value at Risk, Expected shortfall, maximum drawdown and other statistical criteria. The result from this research confirms simple nonlinear momentum model combined with Bayesian approach can be a good forecasting tool, and by correctly detecting the parameter space, Bayesian approach outperforms the classical maximum likelihood approach.

-This research paper is the part of my Ph.D dissertation

Diversification in Korean Banks: The Impact of Noninterest Income Structure on Probability and Risk

The study of this research analyzes the risk of noninterest income profit, which is noninterest income revenue minus noninterest expense, while existing researches focuses the volatility of noninterest income revenue. Also, this study attempts to apply both ex-post methods, such as Delta-Normal and Cornish-Fisher techniques, to compute the risk of each banking sector and each individual bank, and an ex-ante method, which is Monte Carlo simulation. When employing Monte Carlo simulation, this study also computes C-VaR or ES to identify tail risks of both interest income profits and noninterest income profits.

The Empirical results shows that due to the support of Korean financial advisory and the expansion of income sources through the banking business diversification, the portion of noninterest income structure has increased. But the increase in revenue also induces the increase in expense in noninterest income. Accordingly, it appears that the key income source of Korean banks still is interest income margin. Meanwhile, although the volatility of noninterest income revenue is greater than that of interest income revenue, the risk of noninterest income profit is almost equal to the risk of interest income profit. Thus, it seems that the risk in noninterest income does not give negative effect to the total risk of an individual bank and a bank sector.

Idiosyncratic Volatility and Cash Flow Volatility: New Evidence from S&P 500

Employing firm-level data of S&P 500 constituent companies from 1990 to 2016, we offer new evidence on the strong time series and cross-sectional relationships between Idiosyncratic stock return volatility (Ivol) and cash flow volatility even after controlling for illiquidity and firm size, which also vary by period of economic condition. Our results show that Ivol is well explained by the volatility of the three components of DuPont ROE. Aggregate asset turnover volatility alone explains 81.8% of the time series variation of aggregate Ivol, and all independent variables explain 94.7% of the aggregate Ivol. While profit margin volatility and asset turnover volatility have significant relationships with Ivol during the sample period, the volatility of equity multiplier shows significance during the two recession periods in early and late 2000s.

Working Paper

Forecasting Commodity Prices Using Bayesian Model Averaging

Forecasting with only one model can offer unstable predictions while there are a number of distinct models exist for prediction. This paper provides evidence that Bayesian model averaging technique tends to outperform competing methods for model selection and taking account of model uncertainty. Commodity prices were estimated with various explanatory variables and forecasted using Bayesian model averaging technique. It turned out that Bayesian model averaging provides an unswerving mechanism and robustness of the forecasting. The strength of Bayesian Model Averaging is that it offers a systematic method for analyzing specification uncertainty and checking the robustness of one's results to alternative model specifications.

Foreign Exchange Market Overreaction

In this study, the overreaction hypothesis was tested using Conrad and Kaul's methodology in foreign exchange rates. The study uses a sample of 21 currencies including European currencies before introduction of EURO during the period January 1983 to December 2014. The study finds no evidence of overreaction in the foreign exchange market under the assumption of independent portfolio, but finds strong evidence of overreaction in the mid-range test periods the assumption of dependent portfolio, thus against market efficiency. The study also finds that there is no evidence of underreaction in each Loser and the Winner portfolio.