



FIN 7080 (A01) (3.0 CH)
INTERNATIONAL FINANCE
Summer 2010

INSTRUCTOR

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COURSE OBJECTIVE AND DESCRIPTION

The objective of this course is to explore various aspects of Multinational Financial Management and to gain some understanding of how managers in multinational corporations make financial decisions. The course is intended to provide the student with the theoretical and analytical tools needed to make sound business decisions in an international setting.

The topical areas covered in this course include international money and capital markets, foreign exchange markets, exchange rate behaviour, exchange rate risk management, and asset and liability management.

PREREQUISITE

Corporation Finance (FIN 6070 or FIN 6072). This course requires competency in math, logic, Excel, and finance and requires analytical abilities and critical thinking skills. Students who lack any of these skills or would prefer not to use them should consider taking a different course.

COURSE MATERIALS

Text: David K. Eitman, Arthur I. Stonehill and Michael H. Moffett, *Multinational Business Finance* (12th Ed.) Pearson Addison Wesley, 2010.

Calculator: a financial model capable of IRR; use of Excel and/or *PowerOne Finance* is also acceptable and in some cases preferred. You should always have your calculator ready for use in class.

Suggested Reading: BBC online business news and Bloomberg online news especially for Canada:
news.bbc.co.uk/2/hi/business/default.stm
www.bloomberg.com/news/regions/canada.html

COURSE REQUIREMENTS

Given the scope and nature of this course and our compressed time frame, your diligent preparation for this class is critical in achieving the course objective. It is mandatory, therefore, that you arrive in class well prepared to lead a discussion or answer any specific question pertaining to the material assigned for that class. There may be brief “mini-case” discussions in several classes.

NOTES:

1. In order to relate the course material to the current international business environment, the lectures may extend beyond text material to cover current topics and advanced research in international financial management. The BBC and Bloomberg sites are excellent for getting international news.
2. Attendance and class participation will be extremely beneficial towards keeping abreast of the class-work, and in making a positive impression on your instructor and your peers. Please endeavour to display your name card at all times to facilitate identification.
3. Students are encouraged to answer the questions and problems at the end of each chapter. These will not be collected for grading. Student resources (including selected solutions) are available on line at http://wps.prenhall.com/bp_eiteman_mbf_12/. The purpose of attempting the end of chapter exercises is to encourage students to practice the material being learned.

COURSE ASSESSMENT

Assignments	Regularly throughout the course	24%
Midterm		36%
Final Exam	May 13, 2010	40%

Final grades are based on the student’s weighted mark and performance relative to other students. The following are the tentative grade cutoffs.	
A+	92-100
A	81-91.9
B+	77-80.9
B	71-76.9
C+	67-70.9
C	61-66.9
D	51-60.9
F	0-50.9
These tentative cutoffs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.	

Notwithstanding other marks, students must achieve a weighted average of 50% on the midterm and final exams in order to pass the course. The weights are 36/76 for the midterm and 40/76 for the final.

Students are not allowed to miss an assignment or examination unless a valid medical excuse is provided. **Students with valid medical excuses must complete and submit the “Medical Absenteeism Form” attached at the end of this syllabus. Both the student and the attending physician must sign this document otherwise the excuse will be deemed invalid.**

There will be no make-up assignments or examinations. Students who miss a component and have a valid medical excuse will have the weight of that component added to the final examination. Students who miss a component without a valid medical excuse will receive a mark of 0% on that component. Assignments are due at the beginning of the class indicated or at another time if indicated on the assignment. Assignments are to be submitted to the professor in person in class unless another process is specified in the assignment. Students who submit an assignment late (past 15 minutes late) will receive a mark of zero on the assignment. Students who submit an assignment in a non-prescribed way (e.g., via email, fax, etc.) will have a “handling” penalty of 20% deducted from the assignment mark. Students who submit unprofessional assignments (messy, hard to read, hard to follow, or contain extraneous information) will have an automatic 20% deducted from the assignment mark. Students are free to submit their assignments (in person) early either to the professor or to his secretary in room 307 Drake – please ensure that the date/time received is recorded and initialled if an assignment is submitted early and ask to have the assignment placed in my office on my chair.

Formula sheets will **not** be provided for the midterm or final examination. Instead, students are permitted to bring in one 8.5 by 11 inch sheet of paper on which they can **write anything on one side only**. You should begin preparing your “formula” sheet immediately. **Formula sheets must be hand-written (one side permitted). NO word-processed or photocopied material is allowed on your formula sheet.** One formula sheet per exam is allowed but this is cumulative: thus you may bring one sheet to the midterm and two sheets (single sided) to the final exam. Improper formula sheets will be confiscated; offending students will be allowed to complete the exam without any formula sheet. After the exam, offending students will be referred to the Dean’s office on a violation of academic integrity.

Note: The **final exam is cumulative**. All readings are testable even if not discussed in class.

TENTATIVE COURSE SCHEDULE:

It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

Dates	Topic/Description	Assigned Reading
Class #1 (April 6)	Introduction to the course, globalization and multinational enterprises, theory of comparative advantage, reasons for international business, financial goals and corporate governance	Chapters 1, 2
Class #2 (April 8)	The international financial system (current and historical monetary systems and the global financial crisis), the balance of payments	Chapters 3, 5, 4
Class #3 (April 13)	Foreign exchange markets, international parity conditions (continued) and foreign exchange rate determination and forecasting	Chapters 6, 7, 7A
Class #4 (April 15)	Foreign currency derivatives, exchange rate forecasting	Chapters 8 (skip 8A), 10
Class #5 (April 22)	Managing transaction and operating exposure	Chapters 11 (skip 11A), 12
Class #6 (April 27)	Midterm Exam	Chapters 1-8, 10-12
Class #7 (April 29)	Global cost and availability of capital Sourcing equity and debt globally	Chapters 14, 15, 16
Class #8 (May 4)	International portfolio investments and diversification, foreign direct investment and political risk assessment	Chapters 17, 18
Class #9 (May 6)	Multinational capital budgeting and tax management	Chapters 19, 20
Class #10 (May 11)	Working capital management and international trade finance (make sure you pre-read these as the exam is in two days)	Chapters 21, 22
May 13	Final Examination (3 hours)	Comprehensive

ACADEMIC REGULATIONS

Students are encouraged to contact Disability Services at 474-6213 or the instructor should special arrangements need to be made to meet course requirements.



ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members should exercise special care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur, group members are jointly accountable unless the violation can be attributed to a specific individual(s).

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty involving a graduate student (i.e. MBA, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.



MEDICAL ABSENTEEISM FORM

I.H. Asper School of Business, The University of Manitoba

STUDENT IDENTIFICATION: (PLEASE PRINT CLEARLY)

_____	_____	_____	_____
Last Name	First Name	Middle Initial	U of M Student Identification Number
_____	_____		
Course #	Instructor Name		
_____	_____		
Student's Signature	Date		

TO BE COMPLETED BY THE ATTENDING PHYSICIAN: (after the above section is completed) (PLEASE PRINT CLEARLY)

_____	_____	_____						
Physician's Last Name	Physician's First Name	Middle Initial						
_____	_____	_____						
Street Address	City, Province	Postal Code						
_____	_____							
Telephone Number	Fax Number							
<p>To the attention of the physician: Your evaluation of the student's condition is being used for the purpose of determining whether or not the student has a <u>valid reason</u> to miss an important <u>exam</u> or <u>assignment</u>. <u>Your professional evaluation is necessary to ensure that only valid cases are excused.</u></p> <p>I certify that the nature of the student's condition is severe enough to prevent the student from taking an exam or completing an assignment. If requested, my associates or I will verify for the above named instructor/administrator that this information is accurate.</p> <p>The student's condition will likely span the following dates:</p> <table><tr><td>_____</td><td>until</td><td>_____</td></tr><tr><td>(Indicate start date)</td><td></td><td>(Indicate end date)</td></tr></table> <p>_____</p> <p>Physician's Signature</p> <p>_____</p> <p>Date</p>			_____	until	_____	(Indicate start date)		(Indicate end date)
_____	until	_____						
(Indicate start date)		(Indicate end date)						

NOTES TO PHYSICIAN:

- Please make a note in the student/patient's file indicating that the student has given the above named instructor/administrator permission to verify with you, your staff, or your colleagues, that the information contained on this form is correct. Thank you for your professional evaluation of this student's condition.
- **PLEASE ATTACH THIS FORM TO YOUR REGULAR OFFICE STATIONERY THAT INDICATES THE STUDENT VISITED YOUR OFFICE.**

NOTES TO STUDENT:

- The use of this form is at the option of the student. However, in order to obtain an excused absence for an assignment or exam the student must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the exam or completing the assignment.
- It is NOT SUFFICIENT to provide a note that only indicates the student visited the doctor's office.



David A. Stangeland, PhD, CMA, B Comm

Associate Dean (Programs & Admin.) and Professor of Finance

Areas of Research Interest: Corporate governance, control and valuation effects: mergers, acquisitions, ownership structure, antitakeover defences; international finance

Areas of Teaching Interest: Corporate finance, investment banking, international finance

Dr. Stangeland's primary area of research is on corporate governance and control and the effect on corporate performance and value. Issues examined included unsuccessful takeovers, takeover defences, shareholder rights, earnings quality, and ownership structure. Specific emphasis is on how these issues affect corporate operating performance, investment levels, and equity valuation. Some of this work is published in the research volumes, *Corporate Decision-Making in Canada*, *Concentrated Corporate Ownership*, and in journals, *Business Quarterly*, the *Journal of Corporate Finance*, and the *Stanford Journal of Law, Business and Finance*. Much of the international aspect of this work concentrates on US and Canadian firms with comparisons of ownership structure and operating efficiency across the two countries. His research with Dr. Randall Morck (University of Alberta) and Dr. Bernard Yeung (University of Michigan) extends the above analysis to encompass countries from around the world. The National Bureau of Economic Research of the United States provided support and publication of some of this research.

In conjunction with Dr. Harry Turtle (Washington State University) and Dr. Christos Pantzalis (University of South Florida), Dr. Stangeland has examined the effects of national elections on equity markets around the globe. This research addresses the degree of uncertainty resolution surrounding elections by classifying elections according to the outcome and the degree of economic, political, and press-freedom in the countries studied. The I.H. Asper School of Business' CIBS provided seed-money to fund this research and additional support was provided by the SSHRC (Dr. Turtle). This research is published in the *Journal of Banking and Finance*. Dr. Stangeland's other works have been published in the following refereed journals: the *Journal of Financial and Quantitative Analysis*, the *Journal of Financial Education*, the *Journal of Business and Economics Research*, the *Journal of Corporate Ownership and Control*, the *Review of Accounting and Finance*, and *Financial Management*. In addition to the co-authors mentioned above, Dr. Stangeland's research has been in conjunction with Dr. David Manry (University of New Orleans) and from the University of Manitoba: Dr. Charles Mossman, Dr. Steven Zheng, and Dr. Gady Jacoby.

Dr. Stangeland has been a frequent journal and conference reviewer. His research has won the Irwin Distinguished Paper Award from the Southwestern Federation of Administrative Disciplines and the Associates Achievement Award of the I.H. Asper School of Business. In addition, Dr. Stangeland is a two-time winner of the CMA Canada Academic Merit Award for combined excellence in teaching and research. Dr. Stangeland teaches investment banking, corporate and international finance. His teaching spans the undergraduate, MBA, and PhD. levels. Dr. Stangeland has been a four-time recipient of the Certificate of Teaching Excellence from the University Teaching Services and UMSU. International teaching assignments have also been common for Dr. Stangeland. In 1998, he taught MBA International Finance in the Czech Republic under the sponsorship of the Canadian Consortium of Management Schools and the Canadian International Development Agency. In 2000 he taught managerial finance in a post-degree program in the People's Republic of China. He also teaches the managerial finance course to MBA students at the Warsaw School of Economics each summer (since 2000) in Poland.

In addition to his Ph.D. in finance and B. Comm. from the University of Alberta, Dr. Stangeland is a Certified Management Accountant (CMA). Dr. Stangeland also serves on the Investment Committee of the Teachers Retirement Allowance Fund of Manitoba, the Board of Trustees of the University of Manitoba Pension Plans and the Independent Review Committee of a mutual fund company.