



**Carleton**  
University

**Sprett**  
School of Business

**Fina 5514 A**  
**International Finance**  
**Fall 2 / 2021**

**Instructor:** Michael L. McIntyre  
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**Phone:** 613-286-1356  
**Office:** N/A  
**Office Hours:** By appointment

**Class Meeting:** Wednesdays, 2:35-5:35PM, NI 1020

**Learning Modality:** Each week, attending class for this course will normally require the following time commitment (excluding readings and assignments):

- 3 hours in-person\*

*\* For the Fall 2021 term, students who are unable to attend class in-person will be able to participate remotely.*

**Course Calendar Description:** Issues encountered by the multinational financial manager in making financing and investment decisions within a global context. Foreign exchange markets, parity conditions, currency quotation methods, management of foreign exchange/political risk and international capital budgeting.

**Course Description:** This course focuses on multinational enterprises (MNEs) and the challenges associated with making financial decisions in their context.

**Course Learning Objectives:**

1. Build awareness of the nature of foreign exchange markets
2. Understand the drivers of FX levels
3. Understand the basic parity relationships in FX markets
4. Understand basic risk management objectives and how to apply related tools
5. Understand political risk and its implications for an MNE
6. Build awareness of how the international context affects capital budgeting decisions

**Course Prerequisites:** FINA 5502

### Required Materials:

Butler, K.C., 2016. *Multinational finance: Evaluating the opportunities, costs, and risks of multinational operations*. John Wiley & Sons. (Electronic copy available at the library).

### Suggested Materials:

Rice, C., and A. Zegart, 2018. Managing 21<sup>st</sup>-Century Political Risk, today's threats are more complicated, but the remedies don't have to be. *Harvard Business Review, Strategy and Execution*, May-June 2018 issue.

Tobman, I., 2018. 3 types of political risks and how to manage them. Export Development Canada, June 13, 2018. Available at: <https://www.edc.ca/en/blog/managing-political-risks.html>

Managing Political Risk, A guide for Canadian businesses that invest in or export to emerging markets. Export Development Canada. (pdf posted to course website).

Nath, H.K., 2008. Country risk analysis: A survey of the quantitative methods. *Available at SSRN 1513494*.

Clark, E., 2018. Methods and Techniques of Country Risk Analysis. In *Evaluating Country Risks for International Investments: Tools, Techniques and Applications* (pp. 21-42).

Harvard Business School, 1989. Note on Foreign Exchange. Monograph number 9-286-067

### Grading Scheme:

Country Presentation	20%
MNE Presentation	20%
Contribution to Class Discussion	20%
Final Group Project	40%
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<b>TOTAL</b>	<b>100%</b>

Each component of your grade will be assigned a percentage score. Your final course grade will be a weighted average of each of these components.

### Country Team Assignment

Prepare and deliver a presentation on the attractiveness (or not) of a country from the point of view of an MNE. The duration of the presentations is to be determined in class depending on the number of groups involved. The goal of the presentation is to put together a compelling narrative about the country you have selected. In creating a compelling narrative, you may wish to address one or more of the following:

- a) A brief description of the country and its economy, including key industries and products;

- b) The key political and economic events that affected the currency over the last one hundred years or so;
- c) Current key macroeconomic indicators (e.g. money supply growth, fiscal spending, deficits, balance of payments, national debt, GDP per capita, and productivity, quality of life and corruption perceptions);
- d) Current fiscal and monetary policy;
- e) Comment on how well the country has managed its currency;
- f) Address whether or not the country is of interest to an MNE – e.g. as a source of supply, a market, a manufacturing location; and,
- g) Concluding comments.

Please use the concepts presented in the book and in class to support your discussion. The deliverable is a soft copy of the presentation to be emailed to the course instructor before class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation.

Your choice of country must receive the instructor's approval, mainly to avoid duplication by other groups.

### **MNE Team Assignment**

Prepare and deliver a presentation on the history, status and prospects of a multi-national enterprise. The duration of the presentations is to be determined in class depending on the number of groups involved. The goal of the presentation is to put together a compelling narrative about the MNE you have selected. In creating a compelling narrative, you may wish to address one or more of the following:

- a) A brief description of the company with particular emphasis on the products or services it delivers and its comparative advantage – what it does well compared to its competitors;
- b) The extent to which it is international – maps of locations work well here;
- c) What motivated it to become a multinational enterprise – e.g. which comparative advantages was it seeking to exploit;
- d) Challenges and difficulties the company has faced or currently faces because of its internationalization – political risk, etc.;
- e) The company's response to controlling or managing its challenges;
- f) Whether or not becoming an MNE has been beneficial for the company expressed in both strategic and financial terms; and,
- g) Concluding comments.

The company must be foreign. For the purposes of this course a company is foreign if its main share listing is not the TSE or an American exchange and its head office is outside Canada or the US. Please use the concepts presented in the book and in class to support your discussion. The deliverable is a soft copy of the presentation to be emailed to the course instructor before class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation.

Your choice of MNE must receive the instructor's approval, mainly to avoid duplication by other groups.

**General Comments on Presentations**

The presentation marks will be divided approximately into 80% for content, and 20% for presentation skills. Your content mark will depend on the quality of your facts and explanations. Your presentation mark will depend on the quality of your presentation and your adherence to the following:

- a) Each group member must speak during the presentation.
- b) The presentation must be completed within the specified time limit. If it isn't, you will be asked to end your presentation and your presentation mark may be adjusted downwards.
- c) Your presentation mark will depend on the clarity of your overheads and comments, how convincing you are, and whether the story you tell is interesting.

**Late Assignments:**

To ensure fairness for all students, penalties will be applied to late assignments: Failure to submit an assignment on time will result in an initial penalty of five (5) percentage points, followed by an additional (2) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 75% if submitted after the deadline on the due date, 73% if submitted the following day, and so on. Requests for extension will be considered in cases of illness, family emergency, or other exceptional circumstances.

**Preparation and Participation:**

Course participants are expected to be attentive in class and to share their perspectives on the material presented.

**Course Schedule**

	<b>Date</b>	<b>Topics</b>
<b>1</b>	Nov. 3	<b>Global Financial Environment</b> 1. An Introduction to Multinational Finance 2. World Trade and the International Monetary System
<b>2</b>	Nov. 10	<b>Foreign Exchange Theory and Markets</b> 3. Foreign Exchange and Eurocurrency Markets 4. International Parity Conditions Motivators of FX levels <b>Group Registration Form Due</b>
<b>3</b>	Nov. 17	<b>Country Presentations</b>
<b>4</b>	Nov. 24	<b>Foreign Exchange Exposure</b> 5. Derivative Securities for Financial Risk Management 6. Currency Options and Options Markets 7. Currency Swaps and Swaps Markets Applications to operating and transaction exposure
<b>5</b>	Dec. 1	Foreign Direct Investment & Political Risk Multinational Capital Budgeting & Cross-Border Acquisitions
<b>6</b>	Dec. 8	<b>MNE Presentations</b>

**Contribution to Program Learning Goals ([MBA](#)):**

<b>MBA Learning Goal</b>	<b>Not Covered</b>	<b>Introduced</b>	<b>Taught but Not Assessed</b>	<b>Taught and Assessed</b>
<b>MB1 Leadership and Collaboration</b> <i>Graduates will be equipped for leadership and collaboration.</i>	✓			
<b>MB2 Communication</b> <i>Graduates will be effective communicators</i>				✓
<b>MB3 Critical Thinking and Problem Solving</b> <i>Graduates will be skilled in critical thinking and problem solving.</i>				✓
<b>MB4 Functional Knowledge</b> <i>Graduates will have functional knowledge of all areas of business.</i>	✓			
<b>MB5 Global Business</b> <i>Graduates will have an appreciation of the global environment of business.</i>				✓
<b>MB6 Ethical Reasoning</b> <i>Graduates will be skilled in ethical reasoning and decision-making.</i>	✓			

## ADDITIONAL INFORMATION

### Course Sharing Websites:

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Recommended Calculator for Examinations:

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group Work:

The Spratt School of Business encourages group assignments. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

### Letter Grades:

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59	F = Below 50
A = 85-89	B = 73-76	C = 63-66	D = 53-56	
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52	

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### Academic Regulations:

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### Requests for Academic Accommodation:

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

- **Pregnancy**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. <https://carleton.ca/pmc/>

- **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: <https://students.carleton.ca/course-outline/>

**Academic Integrity:**



Violations of academic integrity—presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student—are a serious academic offence, weaken the quality of the degree, and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>

**Centre for Student Academic Support:**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: <https://carleton.ca/csas/>

**Other Important Information:**

- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean’s approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton cmail account. If you do not have or have yet to activate this account, you can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>