

FINA 5514 Z
INTERNATIONAL FINANCE
Summer 2024

Instructor: Kobana Abukari
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Office: NI 7010 Desk #4
Office Hours: Monday 2:30 pm – 3:30 pm

Class Meeting: Monday, 11:35 am – 2:25 pm, NI 5010

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: Multinational enterprises (MNEs) face some of the most complex business environments and challenges including, among other things, dynamics of global financial markets, the international monetary systems, foreign exchange systems as well as global investment and financing flows. This course focuses on multinational enterprises and the challenges associated with making financial decisions in their context. The course explores how financial executives/managers in MNEs make financing, investment and risk management decisions in a global financial environment. The course further examines foreign exchange markets, international parity conditions, currency quotation methods, analysis and management of foreign exchange, political risks and international capital budgeting.

Course Learning Objectives:

Upon completion of this course, students will be expected to:

1. Develop an awareness of the nature of foreign exchange (FX) 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. Develop an awareness of how the international context affects capital budgeting decisions

Course Prerequisites: FINA 5502 or FINA 5505

Required Materials: D.K. Eiteman, A.I. Stonehill, and M.H. Moffett, *Multinational Business Finance*, 16th edition, 2022, Pearson. ISBN-10: 0-0-13-749601-X; ISBN-13: 978-0-13-749601-3

Final Exam Date: Aug 19, 2024, during regular class time

Drop Course Policy: The deadline for academic withdrawal follows the dates prescribed by Carleton University: <https://calendar.carleton.ca/academicyear/>

Grading Scheme: (see example)

Country Group Presentation	25%	Due Jul 22
MNE Group Presentation	25%	Due Aug 14
Attendance and Participation	10%	Due weeks 1-6
Final Exam	40%	Due Aug 19, NI 5010
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TOTAL	100%	

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 Group Presentation:** 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 presentation 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 textbook and in class to support your discussion. The deliverable is a soft copy of the presentation (PowerPoint slides plus Word report) to be uploaded to a Brightspace Assignments folder before class on the day of the presentation and a hard copy of the presentation slides 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 Group Presentation:** 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 presentation is to consider 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 TSX 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 (PowerPoint slides plus Word report) to be uploaded to a Brightspace Assignments folder before class on the day of the presentation and a hard copy of the presentation slides 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. The content report [Country and MNE] must be in 12 font and between 12-15 pages (double-spaced) in length, not including any Appendices, which would be additional. 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.

- **Attendance and Participation:** It is highly encouraged that students actively participate in all classes by being adequately prepared (i.e., having attentively read and reflected on the text chapters and any other assigned readings/cases). Your contribution will be assessed based on regular class attendance, participation in discussions, asking questions and answering questions. The quality of contributions will be important.
- **Final Exam:** There will be a 3-hour final exam which, will be comprehensive, will be a mix of multiple-choice questions and problems, and will test your knowledge of the topics/chapters covered in the class. The final exam is closed-book and closed-notes. However, students will be allowed to use a financial calculator and a formulae sheet. Practice questions will be posted on Brightspace to help you as part of your exam preparations. Students who are unable to write the final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request for a deferred exam. **Allowance will not be made for conflicting travel plans.**

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:

This course is comprised of six 3-hour class meetings. Class time will be used in part for lectures. The sessions are expected to be interactive and class participation is highly encouraged. Some specific expectations include:

- Attend all lectures since there is a high correlation between attendance and performance.
- Read the relevant chapters of the textbook before attending lectures.
- Attempt all the suggested problems/questions that will be posted in Brightspace.
- Actively participate in class and in your group meetings.
- Submit all deliverables when they are due.
- Read the business section of at least one major newspaper to keep up with the latest developments in the Finance community, e.g., The Globe and Mail, Report on Business, The National Post, The Wall Street Journal and The Financial Times.

Contribution to Program Learning Goals (MFin):

The purpose of this section is to explicitly address the connection between individual courses and program-level learning goals. We ask that you consider whether and how each of the six program-level learning goals is addressed in your course. For each learning goal, choose one of the following options. Indicate your choice by removing the check marks from the non-selected options:

- Not Covered** *Learning goal is not addressed in the course, or addressed only minimally.*
- Introduced** *Course introduces content related to the learning goal but does not focus on it OR activities included in the course serve to cultivate this skill incidentally.*
- Taught but not Assessed** *Course contributes explicitly and meaningfully to student achievement of the learning goal but is not the point where competency is formally assessed.*
- Taught and Assessed** *Select this option if the course has been designated by the MBA CRC as the point where achievement of the learning goal will be assessed.*

MFin Learning Goal	Not Covered	Introduced	Taught but Not Assessed	Taught and Assessed
Learning Goal 1 - Ethical and Professional Conduct Graduates will conduct themselves in alignment with the CFA Code of Ethics and Standards of Professional Conduct.		✓		

<p>Learning Goal 2 - Financial Markets, Institutions, and Instruments Graduates will demonstrate an understanding of financial markets, instruments, and institutions.</p>				✓
<p>Learning Goal 3 - Portfolio Management Graduates will understand the motivations of investors and manage an investment portfolio that achieves those objectives.</p>		✓		
<p>Learning Goal 4 - Data Analysis Graduates will be proficient in data management, analytics, and modeling.</p>				✓
<p>Learning Goal 5 – Communication Graduates will be effective communicators.</p>				✓

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 Sprott 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.

If peer evaluation will be used as an input when assigning grades to group work, specify the procedure. See the example below:

Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him/her/themself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation.

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:

<https://calendar.carleton.ca/grad/gradregulations/>

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 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 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/>

COURSE SCHEDULE

Week	Date	Topic/Agenda	Pre-class Prep
1	Jul 08	Global Financial Environment Globalization and the Multinational Enterprise Financial Goals and Corporate Governance The International Monetary System The Balance of Payments	Chapters 1-4
2	Jul 15	Foreign Exchange Theory and Markets The Foreign Exchange Market International Parity Conditions Foreign Exchange Rate Determination and Forecasting	Chapters 5, 6, 7, 9
3	Jul 22	Country Presentations	
4	Jul 29	Foreign Exchange Exposure Transaction Exposure Operating Exposure Risk Management	Chapters 10, 12 Chapter 8
5	Aug 12	Financing the Global Firm Foreign Direct Investment Theory and Political Risk Multinational Capital Budgeting	Chapters 13, 14 Chapter 17 Chapter 18
6	Aug 14	MNE Presentations	
7	Aug 19	Final Exam	