



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 437 H1F

Course Name: International Finance

Fall 2018

Course Meets:	Mondays	9:00 - 11:00	(L0401), RT 142
	Mondays	12:00 - 14:00	(L0101), RT 142
	Mondays	16:00 - 18:00	(L0201), RT 142
	Tuesdays	9:00 - 11:00	(L0301), RT 142

Instructor: Wendy Rotenberg, RT 446
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Phone: 416.978.2664
Office Hours: Tuesdays 11:00 – 12:00 plus email questions any time

Course Objectives

This course will focus on financial management in an international context. We begin with a brief overview of the nature of international business activities and the evolution of multinational enterprises. We then cover the foreign exchange market and exchange rate determination, as well as other international financial markets and instruments. This sets the stage for learning about a variety of international financial management topics, including foreign exchange exposure measurement and management, financing the global firm, management of multinational fund flows and transactions, and foreign direct investment decisions.

Instructional Approach

A combination of lecture, technical problem solving and case analyses will be used. Students are expected to have attempted the required readings and any assigned questions prior to class. If time is limited, be advised that even brief preparation for class is extremely beneficial.

Attendance

Students must attend the lecture in which they are registered unless a prior request has been approved by the instructor. Please make any such request by email, including the reason for it, at least 24 hours prior to the lecture you wish to attend.

Course Prerequisites

RSM333H1 (and therefore, RSM332H1 plus the ECO and STAT prerequisites required for RSM 332 and 333).

Required Readings

Textbook - Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 15th edition (2019), Pearson Education, ISBN -10: 0134796551

NOTE - THE TEXT CAN BE PURCHASED IN ELECTRONIC FORM OR IN HARD COPY.

NOTE - Purchase of the current edition is HIGHLY recommended as we use the text materials in detail during the course and there are many changes from one edition to the next.

Case Package - is available for purchase from the Harvard Business School Publishing website. You must go to the site and register as a student and then use the following code to access our readings package. The site records which students have paid for their copies of the course materials.

<https://hbsp.harvard.edu/coursepack-student-view/552590>

Class Materials : Lecture notes and slides will be posted on the portal in advance of class. Beginning in class 2, students are responsible for printing out the class materials and bringing them to class.

Evaluation and Grades

	<u>Worth</u>	<u>Notes</u>
In-Class Exercises/Quizzes	20%	Best 5 of 7 worth 4% each
Group Case Assignments	30%	2 Assignments worth 15% each
Final exam	50%	During Arts & Science Final Examination period

In-Class Exercise/Quiz Policies

- In-Class evaluations will reward preparing for and participating in class and will take the form of either a brief quiz to be completed individually or an exercise to be completed in groups of 2-3 students.
- Calculators will be allowed.
- Students must participate in the section in which they are registered unless prior arrangements have been made with the instructor.
- There will be no make-up exercises or quizzes. Students must attend to participate. The best 5 of 7 scores will be used for grading.
- Note that at least 4 of the exercises will be completed and returned prior to the course drop date (Nov 5).

Group Case Assignments

- Group case assignments will be announced in class and are due in classes 7 and 11. Group size should be 4 to 6 members. Students can form their own groups. Group members must be registered in the same course section.
- Case Assignments are due at 9am on the Monday of the relevant week, by email to the instructor and a hard copy should also be submitted at start of class.

- **Groups will be called upon in class to discuss their analyses and recommendations and all group members are expected to be present in class, to be willing to contribute to the class discussion, and to be familiar with the work of the group.**
- **Assignment grades will incorporate both the written submission and the contribution of the group to class discussion.**
- All group members will receive the same grade. Each member is expected to:
 - Treat other members with courtesy and respect;
 - Establish a positive and productive team dynamic;
 - Contribute substantially and proportionally to the project and presentation;
 - Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
 - Meet the project timeline as established by the team.

Exam Policies

- Students will be allowed to bring their calculator and pen(s) into the examination and are **allowed to bring in one double-sided 8 1/2 by 11 inch crib sheet**. Students will prepare their own crib sheets. It is very important to abide by the crib sheet size restrictions as exceeding them may result in severe academic penalties.
- The final examination will be cumulative, covering all course materials.

Drop Date

- The last day to drop the course without academic penalty is Monday November 5th.

Grade Appeals

- Appeals must be made one week after the graded work is returned. Students should take the time to carefully review their own work and the feedback they received.
- Appeals must be in writing and must include an explanation of why the original grade should be reassessed.
- Students must notify the instructor by email that they will be requesting a regrade, and must return the graded work, with their written request for regrading, in the following class.

Accessibility Needs

- The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Academic Integrity

- Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously. *The University of Toronto's Code of Behavior on Academic Matters* outlines the behaviors that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed (see <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment.

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behavior on Academic Matters*. If you have any questions about what is or not is permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T resources such as College Writing Centres or the Academic Success Centre.

Email

- At times, the course instructor may communicate important course information by email. As such, all U of T students are required to have a valid U of T email address. Students are responsible for ensuring that their U of T email address is set up AND properly entered on the ROSI system.
- Forwarding utoronto.ca email messages to a Hotmail, Gmail, Yahoo, or other type of email account is not advisable as it could result in important messages from the course instructor ending up in a spam or junk mail folder.

Fall 2018 Class Session Dates and Topics – any changes will be announced in class

Class	Dates	Topic(s) and Text Chapter(s)
1	Sept 10/11	Introduction to the Course and Global Financial Management Trends Ch 1 Multinational Financial Management: Opportunities and Challenges Ch 4 Financial Goals and Corporate Governance
2	Sept 17/18	Multinational Tax Management and International Trade Finance Ch 15 Multinational Tax Management Ch 16 International Trade Finance Case: Gary Halper Menswear – a Loan Request for an Export Order
3	Sept 25/26	International Trade Finance Cont'd Case: Belco Global Foods The Foreign Exchange Market Ch 5 The Foreign Exchange Market
4	Oct 1/2	International Parity Conditions and Foreign Exchange Rate Determination Ch 6 International Parity Conditions Ch 9 Foreign Exchange Rate Determination and Intervention
	October 8/9	Thanksgiving Weekend – No Class
5	Oct 15/16	Foreign Exchange Exposure Measurement and Management Ch 10 Transaction Exposure Ch 7 Foreign Currency Derivatives
6	Oct 22/23	Foreign Exchange Exposure Management Cont'd Ch 10 Transaction Exposure cont'd

Class Dates	Topic(s) and Text Chapter(s)
7 Oct 29/30	<p>Foreign Exchange Exposure Management Cont'd</p> <p>Ch 11 Translation Exposure</p> <p>Ch 12 Operating Exposure</p>
November 5/6	<p>Fall Term Break Week - No Class</p>
8 Nov 12/13	<p>Group Case Assignment #1 Due 9am Nov 12</p> <p>Assignment Case: F. Mayer Imports – Hedging Foreign Currency Risk</p> <p>Interest Rate Risk and Swaps</p> <p>Ch 8 Interest Rate Risk and Swaps</p>
9 Nov 19/20	<p>Foreign Investments and Investment Analysis</p> <p>Ch 17 Foreign Direct Investment and Political Risk</p> <p>Ch 18 Multinational Capital Budgeting and Cross-Border Acquisitions</p> <p>Case: Group Ariel S.A.: Parity Conditions and Cross Border Valuation</p>
10 Nov 26/27	<p>Financing the Global Firm</p> <p>Ch 13 The Global Cost and Availability of Capital</p> <p>Ch 14 Funding the Multinational Firm</p>
11 Dec 3/4	<p>Group Case Assignment #2 Due 9am Dec 3</p> <p>Assignment Case: 3P Turbo – Cross Border Investment in Brazil</p> <p>Course Wrap-up and Q&A</p> <p>Final Examination Announcements</p>