Finance 440: International Financial Management

The primary focus of this course is international financial management. Topics to be covered include exchange rate determination and parity conditions; currency futures, forwards, swaps and options; international portfolio theory; methods for managing exchange rate exposure; and capital budgeting for the multinational firm.

Course prerequisite: FNAN 301 (though you are encouraged to complete FNAN 311 prior to enrolling in FNAN 440).


Note: As business students, it is also recommended that you read business publications such as *Business Week*, *Financial Times*, *Forbes*, *Fortune*, *The Wall Street Journal*, etc. on a regular basis.

General Course Topics:
Introduction
The International Financial Environment
FX Rates, Forwards, Futures, and Options
International Investments
FX Exposure Management
Multinational Capital Budgeting
Special Topics

Course Requirements and Grading:
Specific week-by-week assignments are on the attached page. While we may deviate slightly from this schedule, it provides the basic structure for the course.

During the term, you will be evaluated on the basis of class participation/attendance, graded homework assignments, two midterm exams, one group project, and a final exam. Some of the assignments may require use of a spreadsheet program such as Excel. All assignments must be submitted on the date due, and must be original work. No late assignments will be accepted.

Learning Goals
Upon successful completion of this course, students will be competent in the topics of international financial management. This course will facilitate each student’s development of effective team and quantitative reasoning skills, will expose students to interdisciplinary topics, will include aspects of global trade and business, and will require critical thinking skills. In addition, students will explore and gain understanding of how risk and return are managed in a global business environment.
1. Class Participation/Attendance: You are expected to attend class on a regular basis and contribute to class discussions. At the beginning of the semester, a seating chart will be distributed, and assigned seats will be established. **If you are not present at the beginning of a class, you will be considered absent for that day.** Also, please inform me before class begins if you will need to leave before the scheduled end of the class period. Finally, using laptop computers during class time to surf the internet, send emails, etc. is not appropriate class conduct. If laptop usage becomes a distraction, laptops will be prohibited.

2. Homework: I will distribute graded homework assignments during the term. You may work on these homework assignments with other class members although each student must submit his/her own set of solutions for grading.

3. Midterm Exams: There will be two equally-weighted midterm exams during the term. Midterm exam make-up policy: If, for a valid reason (medical emergency, death in the family, etc.), you are unable to take a midterm exam, your grade on the (comprehensive) final exam will serve as a substitute for the missed midterm exam grade.

4. Project/presentation: Project groups will be formed at the beginning of the semester and each group will prepare a report on one of three (to be assigned) topics. (Maximum length of the report: 10 pages, double-spaced with 12 point font and 1” margins – not including the Executive Summary, References and Exhibits sections). On the date your project is due, your group will also provide a (maximum) 30 minute presentation of your analysis. This presentation will count for 5 percentage points of your project grade; the paper will count for 15 percentage points. At the end of the semester a "Peer Evaluation Form" will be distributed for rating the relative contribution of each of your case group members. These ratings will be utilized when determining each student’s overall project grade. Your project analysis must be original work, properly cite any/all information sources, and comply with the Honor Code. On the day your group’s report is due, your must email me a copy (prior to class) and also bring a hard copy to class to submit for grading.

5. Final Exam: A comprehensive final exam will be given at the end of the term.

**The following weights will be used to determine grades (using the +/- system):**

- Class Participation/Attendance: 5%
- Graded Homework: 10%
- Midterm Exams: 35%
- Project/Presentation: 20%
- Final Exam**: 30%
- 100%

**note:** if a student’s grade on the final exam is higher than his/her average on the midterm exams, the final exam will be given a weight of 35% and the mid-term exams will be given a weight of 30%.

**Instructor and Office Hours**

Stephen E. Christophe, Ph.D., schristo@gmu.edu, (703) 993-1767

Office Location: Enterprise 239

Office Hours: By appointment

**Calculators:** For this course you will need a financial calculator capable of performing present value/future value-type analysis. For example, the Texas Instruments BA-II Plus Calculator is a relatively inexpensive option (approximately $30) that meets these criteria. Many other calculators are also suitable.
**DRC Statement:** If you are a student with a disability and you need academic accommodations, please see the instructor and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
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</thead>
<tbody>
<tr>
<td>Jan 19</td>
<td>Introduction</td>
<td>ACS Ch. 1, 2</td>
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<tr>
<td>Jan 21, 26</td>
<td>The FX Market</td>
<td>ACS Ch. 7</td>
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<tr>
<td>Jan 28, Feb 2, 4</td>
<td>Parity Conditions</td>
<td>ACS Ch. 4</td>
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<tr>
<td>Feb 9, 11, 16</td>
<td>Futures and Options</td>
<td>ACS Ch. 8</td>
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<tr>
<td>Feb 18, 23</td>
<td>Translation and Transactions Exposure</td>
<td>ACS Ch. 10</td>
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<td><strong>Feb 25</strong></td>
<td><strong>Midterm Exam 1</strong></td>
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<tr>
<td>Mar 1</td>
<td>Translation and Transactions Exposure, cont’d</td>
<td>ACS Ch. 10</td>
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<tr>
<td>Mar 3</td>
<td>Economic Exposure</td>
<td>ACS Ch. 11</td>
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<td><strong>May 8, 10</strong></td>
<td><strong>Spring Break – no classes</strong></td>
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<tr>
<td>Mar 15</td>
<td>Economic Exposure, cont’d</td>
<td>ACS Ch. 11</td>
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<td>Mar 17, 22</td>
<td>International Portfolio Theory</td>
<td>ACS Ch. 15</td>
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<td>Mar 24, 29</td>
<td>International Capital Budgeting</td>
<td>ACS Ch. 17</td>
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<td><strong>Mar 31</strong></td>
<td><strong>Project #1 Due/Presentation</strong></td>
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<tr>
<td>Apr 5</td>
<td>International Capital Budgeting, cont’d</td>
<td>ACS Ch. 17</td>
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<td><strong>Apr 7</strong></td>
<td><strong>Project #2 Due/Presentation</strong></td>
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<tr>
<td>Apr 12</td>
<td>Swaps</td>
<td>ACS Ch. 9</td>
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<td><strong>Apr 14</strong></td>
<td><strong>Midterm Exam 2</strong></td>
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<tr>
<td>Apr 19</td>
<td>Swaps, cont’d</td>
<td>ACS Ch. 9</td>
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<td><strong>Apr 21</strong></td>
<td><strong>Project #3 Due/Presentation</strong></td>
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<tr>
<td>Apr 26</td>
<td>Swaps, cont’d, Special Topics</td>
<td>ACS Ch. 9</td>
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<td>Apr 28</td>
<td>Review</td>
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<td><strong>May 10</strong></td>
<td><strong>Final Exam</strong></td>
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# School of Business Recommendations for Honor Code Violations

* Adopted by the faculty May 2012

## UG-Non Freshman Students (including transfer students)

<table>
<thead>
<tr>
<th>Type of Violation</th>
<th>First Offense</th>
<th>Second Offense</th>
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<tbody>
<tr>
<td>Plagiarism—failure to cite/attribute sources</td>
<td>An F in the class; multiple visits to the Writing Center required; and Academic Integrity Seminar Attendance</td>
<td>An F in the class; multiple visits to the Writing Center required; Academic Integrity Seminar Attendance; dismissal from the program; and possible suspension or expulsion</td>
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<tr>
<td>Plagiarism—representing someone else’s work as the student’s own</td>
<td>An F in the class; multiple visits to the Writing Center required; and Academic Integrity Seminar Attendance</td>
<td>An F in the class; multiple visits to the Writing Center required; Academic Integrity Seminar Attendance (at times of hearing and reenrollment if relevant); dismissal from the program; and possible suspension or expulsion</td>
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<td>Cheating on an assignment, homework, class participation, or minor project</td>
<td>An F in the class; and Academic Integrity Seminar Attendance</td>
<td>Expulsion</td>
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<tr>
<td>Cheating on a major project, test, or exam</td>
<td>An F in the class; Academic Integrity Seminar Attendance; and at least one semester suspension</td>
<td>Expulsion</td>
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<tr>
<td>Egregious Violation [e.g., stealing an exam; submitting coursework from another class as original work; lying to an employer about academic performance]</td>
<td>Dismissal from the program; at least one year suspension; and attendance at Academic Integrity Seminar at the time of hearing and just prior to reenrollment</td>
<td>Expulsion</td>
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