

International Finance
MNGT 4325
(Elective)

Professor Chris Adam

Session 3, 2007

Class Dates: 10-13, 15-18 November
Examination: 19 December 2007
Payment Due: 12 October 2007

Course aims / objectives:

Important note: course prerequisite is Corporate Finance

The basic thrust of this course is to provide a conceptual framework within which the key financial decisions of the multinational firm can be analyzed. The approach is to treat international financial management as a natural extension of the principles learned in a foundation course in finance. This course first considers the environment of international financial management, emphasizing the determination of exchange rates and their interaction with interest rates and other financial prices. We then study the key financial decisions of investment (capital budgeting) and financing in the international context, to see how these differ from the methods of domestic corporate finance. The course then considers the topic of international exposures arising from investments, addressing both the measurement and management of the implied risks using diversification and arbitrage techniques.

Assessment:

Group assignment	45%
Final examination	55%

Performance will be assessed through an assignment that is to be completed in self-selected groups (45% of the course grade), and a final open-book examination (55%). The assignment is due at the time of the final examination. The mark for the assignment will be reduced by five per cent per day that it is overdue.

Course details / modules:

Each session of this course includes an introduction to a topic, then proceeds with activities such as discussion, exercises and case analyses. The topics of the course cover five main areas of: foreign exchange and exchange rate determination; currency risk management; multinational investment risk management; valuation and multinational operational decisions including cross-border capital budgeting and real options; and international portfolio management.

Course materials and text/s:

The text for the course is: BUTLER, Kirt C., *Multinational Finance*, South-Western College Publishing, 2004 (3rd edition). There is also a course pack with printed copies of the Powerpoint slides used in the course.

Instructor details:

The instructor is Chris Adam, Professor of Finance, and Associate Dean, Postgraduate Programs and Director, AGSM in the new Australian School of Business at the UNSW. Chris has taught and researched in international finance for more than 20 years, and has held academic positions at AGSM (1977-1989), Bond University (1989-1992) and the Graduate School of Business at The University of Sydney (1992-1998) before coming back to the AGSM with the merger of the GSB and AGSM in 1999. He was a Director of Orix Australia 1999-2006, and has consulted widely in financial and economic topics to Australian and international organizations.

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