**MBAD 6155 Multinational Financial Management Spring 2015**

**Professor:** Lloyd Blenman

**Office-** 350B Friday. Tel: 704-687-7705. Fax: 704-687-6987.  
**Class-** R 5.30 p.m-8.15 p.m. Center City 504; E-mail: iblenman@uncc.edu.  
**Office Hours.** T; 1:00 p.m-3.00 p.m (Belk College) and by appointment;  
Uptown Center by appointment only

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<th>Required Text:</th>
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**Outline of Class Schedule**

Topic 1. Globalization and the Multinational Firm - Ch. 1 (Jan. 8\textsuperscript{th})

Topic 2. The Foreign Exchange Market - Ch. 2 (Jan. 15\textsuperscript{th})

Topic 3. Forward Markets and Transaction Exchange Risk- Ch. 3 (Jan. 15\textsuperscript{th} - Jan. 22\textsuperscript{nd})

Topic 4. Exchange Rate Systems- Ch. 5 (Jan. 22\textsuperscript{nd})  
- Mini-case on exchange rates (pages 154-155)-Class discussion.

Topic 5. Interest Rate Parity- Ch. 6 (Jan. 29\textsuperscript{th})  
- Mini-case on “Treasury Bills (domestic or foreign)”, (pages 192-193)- Class discussion.  
- Assignment (ungraded) posted on Moodle by Feb. 1\textsuperscript{st}, for practice only. **No submission required.**  
- Solutions will be posted on February 4\textsuperscript{th}.

Topic 6. Speculation and Risk in the Foreign Exchange Market- Ch. 7  
(Feb. 5\textsuperscript{th} - Feb. 12\textsuperscript{th})  
- Mini-case on “The Cost of Hedging” (pages 219-222) - Class discussion.
Topic 7. Purchasing Power Parity and Real Exchange Rates- Chs. 8 (Feb. 19th - Feb. 26th)

- Assignment 1 (graded), to be posted on Moodle by Feb. 22nd and is due on Mar. 1st. I will post the solutions to Assignment 1 on March 2nd. No late assignments will be accepted. Late assignments will be awarded a zero score. **This assignment must be typewritten and submitted either in a WORD or PDF file.**

- Student recess from March 2nd to March 7th. (No classes)

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<th>Midterm Examination</th>
<th>(March 12th.)</th>
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Topic 8. Measuring and Managing Real Exchange Rate Risk - Ch. 9 (Mar. 19th)
- Mini-case “On producing BMWs in the USA”, (pages 289-290) - Class discussion.

Topic 9. International Debt Financing- Ch. 11 (Mar. 26th)

April 3rd - April 4th. (Spring Weekend-No classes)

Topic 10. International Equity Financing -Ch. 12 (Apr. 2nd – Apr. 9th)

Topic 11. International Capital Market Equilibrium - Ch. 13 (Apr. 16th)


Topic 13. International Capital Budgeting -Ch. 15 (Apr. 23rd)

Topic 14. Financing International Trade- Ch. 18 (Apr. 23rd, as time permits)

- Assignment 2 (graded), to be posted on Moodle by April 12th and is due on Apr. 19th by email only. No late assignments will be accepted. Late assignments will be awarded a zero score. I will post the solutions to Assignment 2, on Apr. 22nd. **This assignment must be typewritten and submitted either in a WORD or PDF file.**

- Last class day for us is Apr. 23rd.
Course Description

The course deals with issues of the financial management of the multinational firm. The topics addressed will include the management of foreign exchange and political risk and the control and evaluation of the financial policies of multinational firms.

Course Objectives

The objectives of the course are to ensure that you have a mastery of the scope and application of multinational finance in a corporate setting and are able to utilize the appropriate financing or hedging and risk-reduction mechanisms for dealing with the uncertainties of multinational operations and finance. I expect that you will be able to use all the concepts developed during the first parts of the course in applications involving examples that are stylized representations of issues that arise in international finance. Most real-life decisions are made in the context of incomplete information and the examples we will work out in class and the ones you will discuss that are presented in the textbook mini-cases reflect that fact. Therefore you must be able to justify your course of action, and present alternative scenarios if necessary, all with equal skill, as decisions are never quite clear-cut in the real world. In your professional life, you will have to make decisions on limited information.

Course Policies

Grading.

Grades will be assigned on the basis of performance on (2) written in-class examinations (the final examination (30%) and the midterm (30%)), 2 graded take home assignments (15% each), 1 ungraded assignment (practice assignment (0%)) and general class participation (10%), especially on mini-cases. All assignments are to be submitted by email to lahlenman@uncc.edu. The weights of the various grading elements are as indicated below.

- Midterm- 30%; Final Exam- 30%; Class participation - 10% and Assignments– 30%

Please pay special attention to worked problems and illustrated classroom examples, since these will be related to (not identical to) the material on the midterm and the final examination. Grades will be assigned solely on the basis of scores on the following scale

A, 100-90; B, 89-80; C, 79-70; D, 69-60; F, 59-0. This scale is the sole basis for the
determination of your final grade. I typically do not use the grade book on Moodle but can post your scores/Grades there if you so desire. Just let me know what you prefer.

**Assignments and Lectures**

The principal method of instruction will be primarily by means of lectures via PowerPoint. Where appropriate I will point out the relevant sections in your textbook. We cannot go through all the text book materials as well as the Power Point materials, within the confines of the class period. So I have chosen to work through the Power Point slides and indicate to you what parts of the textbook should not be covered. All required information about the course is already posted on Moodle prior to the start of the semester. The assignments must be done independently.

I will not provide any typical sample exams. Students are expected to actively participate in classroom discussions and in the solving of classroom and text book problems. You should be prepared for class by reading the assigned chapters and working through the Power Points, before the class meets.

Solving problems, reading the textbook and participating in classroom discussions are ways in which you can work to improve your understanding of the course material. Students are encouraged to come to my office and discuss the material as we cover them in class. Check your university email weekly and the Moodle site for any additional materials that I may post or distribute to the class electronically.

Students are expected to have a single, good non-programmable financial calculator to assist them in solving assigned problems. Make sure that you know how to use your own calculator as we will not spend any time going over calculator usage. Set your calculator to be accurate up to eight (8) decimal places. Since international finance is a dynamic and constantly changing area students are expected to keep abreast of current events in financial markets. This can be achieved by reading the Wall Street Journal, New York Times, Business Week or Euromoney, which are all good sources for current information.
Exams

All exams will be based on multiple choice questions. The same format will cover all in-class exams. This semester there will be **30** questions on each exam. Some questions will require specific numerical answers and others will require conceptual knowledge. You will have to select one answer which you think is the most appropriate answer for the question given.

We have transitioned to a new text book and old exams that are floating around may not be appropriate for preparing for this semester’s exams. In that regard I have decided to give you two assignments instead of the regular case study. One assignment is due prior to the midterm and the other one just prior to the final exam.

Formulas and their Usage

Modern finance is very quantitative for the most part. In many cases the formulas you will need are already embedded within your calculator. This is true of bond pricing problems and other elementary time value problems. In other cases, different types of formulas are required. For instance there are no formulas for currency problems within your calculator. I will prepare and hand out prior to each exam, a formula sheet that you may use on the exam. I will post this formula sheet at least one week ahead of the exam so that you may review it.

Sample exams and solution manual

There is a solution manual for the primary text but you will not have access to it. In any event the materials that I hand out, the problems we work in class and the assignments are sufficient for you to do well in the course. You also will not be provided with any sample exams. I will however post many problems (with answers) that could form the basis of
your exams. Exam questions will be similar (not identical) to the ones posted.

**Curving/Score Adjustments/Formulas**

There are typically no adjustments made to class scores if the class average on an examination is B or higher. I nevertheless reserve the right to make any adjustments as I deem necessary. If your individual examination has been incorrectly graded I will ensure that the correct grade is posted once you bring it to my attention **within 1 week of** my returning examination scores to the class. Students should prepare for the exams as if no formulas will be handed out. That means that the formulas handed out should be regarded as supplemental to your existing knowledge. The formulas by themselves mean very little unless you know in what context they should be applied.

**Absences from Examinations.**

The **Final Examination** must be taken at the scheduled date and time and no makeup examination will be given if the examination is not taken at the scheduled date and time, except if (a) you have a valid medical reason and doctor’s certificate for not being able to take the examination at the scheduled date and time and/or (b) prior approval is obtained from me to take the examination, at a date earlier than the scheduled date. If you **miss** the **midterm examination**, the final examination will carry a weight of 65%. **There are no make-up exams for the missed midterm.** However, I will work with you and schedule the exam ahead of the appointed date if you have an unavoidable work conflict or other emergency.

**Computation Of Your Final Course Average.**
Suppose that your scores are Assignment #1, 90%, Assignment # 2, 90%, MT #1-100%, Final Exam-90%, Participation 90%. Your course score is computed using the following formula: (MT#1 Score)(.30)+(Final Exam)(.30)+(Assignment # 1 Score+ Assignment # 2 Score)(.15)+Class Participation (.10). In this example the average score is 92 (rounded up from 91.5). This means that you have earned an “A” for the course. If you do not understand how to compute your final grade, do not hesitate to ask. This is the sole basis for determining your final grade. **There are no dropped exams/grades.**

**Academic Integrity**

Students are advised to apprise themselves of, and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be enforced in this class. **Students should prepare to be tested on covered material as if you were not going to be provided with a formula sheet.** A good **non-programmable** financial calculator should be sufficient to provide all needed computational assistance.

Belk College Statement on Diversity:

*The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.*