APPLIES TO ACADEMIC YEAR 2015/2016

GRA 6544 Multinational Corporate Finance

Programme
Master of Science in Financial Economics, Specialization Course

Responsible for the course
Johann Reindl

Department
Department of Financial Economics

Term
According to study plan

ECTS Credits
6

Language of instruction
English

Introduction

Learning outcome
To provide the participants with a sound understanding of financial decision-making in the multinational firm. Hence the course is applied in nature. However, whilst the course is presented from a managerial perspective, decision making is approached using firmly established theories in economics and finance. The course can be broadly split into three parts. The first part of the course examines international financial markets and the determination of exchange rates. In the second part we will consider the impact of exchange rates on the cash flows of firms. In particular we will learn how to measure and manage (hedge) how different cash flows are exposed to unexpected changes in exchange rates. The third part of the course focuses on some traditional issues in corporate finance such as capital budgeting, cost of capital, and investments in physical assets. However, we approach these issues from an international perspective.

Prerequisites

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have spesific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

Compulsory reading
Books:
Bekaert, Geert, Robert J. Hodrick. 2014. International financial management. 2nd ed. Pearson

Other:
During the course there may be hand-outs, cases, research articles, and other material on additional topics relevant for the course and the examination.

Recommended reading

Course outline
1. The International Monetary System
2. Foreign Exchange Market
3. Forecasting Exchange Rates
4. Parity Relationships, Currency Futures and Options
5 Transaction (contractual) Exposure
6. Operating Exposure
7. Translation Exposure
8. Foreign Direct Investment, Political and Country Risks
9. Domestic and International Capital Structure and the Cost of Capital
10. Domestic and International Capital Budgeting

Computer-based tools

Learning process and workload
A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

Examination
The course grade will be based on the following activities and weights: Assignment 10%, Case work 20% and written examination 3 hours 70%.

Form of assessment	Weight	Group size
Assignment	10%	
Case work	20%	
Written examination 3 hours	70%	

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. This is a course with continuous assessment (several exam components) and one final exam code. Each exam component is graded using points on a scale from 0-100. The final grade for the course is based on the aggregated mark of the course components. Each component is weighted as detailed in the course description. Students who fail to participate in one/some/all exam components will get a lower grade or may fail the course. You will find detailed information about the points system and the mapping scale in the student portal @bi.

Examination code(s)
GRA 65441 continuous assessment accounts for 100% of the final grade in the course GRA6544.

Examination support materials
BI approved exam calculator
Bilingual dictionary
Interest tables
Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

Re-sit examination
It is only possible to retake an examination when the course is next taught. The assessment in some courses is based on more than one exam code. Where this is the case, you may retake only the assessed components of one of these exam codes. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

Additional information
Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.