

University of Connecticut
Global Financial Management, FNCE 4305 Fall 2017
Tu, Th 9:30am – 10:45am in BUS 211

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Office Hours: T/Th 3pm –4pm and by appointment

SCHOOL OF BUSINESS MISSION STATEMENT:

Real World, Real Learning, Real Impact. Be a globally recognized provider of exceptional managerial and business leadership through innovative experiential learning in a dynamic global business context: integrating real world education, outstanding research and strategic outreach.

COURSE DESCRIPTION:

(3 credits) The course will focus on the international aspects of Corporate Finance decision-making. At the end of the semester, students are expected to be:

- Familiar with the financial environment within which multinational corporations (MNCs) operate;
- Able to analyze the viability of international corporate projects;
- Able to make international financing and hedging decisions;
- Knowledgeable about the tradeoffs involved when maximizing the MNC's value;
- Able to effectively communicate results of financial analysis.

A tentative list of topics is given below.

REQUIRED MATERIALS:

- **Textbook:** Cheol Eun and Bruce Resnick. International Financial Management, 8th Edition, McGraw-Hill Higher Education, 2017.
- **Cases:** Available at <http://cb.hbsp.harvard.edu/cbmp/access/67328504>
 - Luehrman, Timothy A., and James Quinn. "Groupe Ariel S.A.: Parity Conditions and Cross-Border Valuation." Harvard Business School Brief Case, 104-194, April 2010.
 - Alcacer, Juan, and John Clayton. "Emirates Airline: Connecting the Unconnected." Harvard Business School Case, 714-432, January 2014.
 - Marina Apaydin, Rami Jabado, Hiba Obeid, Balsam Danhash. "Jabwood International: The Risky Business of Expanding East" Ivey, 2012.
 - Michael J. Schill. "Carrefour S.A." Darden School of Business, 2005.
 - G. Peter Wilson and Jane Palley Katz. "Whelan Pharmaceuticals: Tax Factors and Global Site Selection." Harvard Business School Case 9-192-066, November 1991. (Revised August 2005.)
 - Desai, Mihir A., and Mark Veblen. "Foreign Exchange Hedging Strategies at General Motors: Transactional and Translational Exposures." Harvard Business School Case 205- 095, March 2005. (Revised January 2006.)
 - Desai, Mihir A., and Mark Veblen. "Foreign Exchange Hedging Strategies at General Motors: Competitive Exposures." Harvard Business School Case 205-096, March 2005. (Revised March 2006.)

GRADE DETERMINATION:

<u>Percent of Total</u>	<u>Activity</u>
20%	Assignments and team cases
25%	Midterm 1
25%	Midterm 2
30%	Final Exam

A standard grading scale for this class will be used as shown below:

GRADING SCALE:

A (>93.0%), A- (90%-92.9%), B+ (87.0%-89.9%), B (83.0%-86.9%), B- (80%-82.9%), C+ (77.0%-79.9%), C (73.0%-76.9%), C- (70%-72.9%), D+ (67.0%-69.9%), D (63.0%-66.9%), D- (60%-62.9%), F (<60%)

Note: Final course grades will be calculated based upon the grading scale shown above; however, a curve may be applied to individual exams and/or final averages if deemed appropriate.

CASES:

Many of the class sessions will consist of a discussion of a case. You must read the case and be prepared to discuss all aspects of the case in class. Students will be placed in teams and asked to prepare a written recommendation for the case (a set of open-ended questions will be provided in advance), which will be turned in for a grade before the beginning of the class when the case is discussed. The case recommendations should be typed in no more than three pages, with 1.5 spacing and 12 pt. font, plus any appendices that are necessary, and consist of (1) your names and the title of the case, (2) the answers to the questions asked in the case, (3) the relevant factors to evaluating the case and reaching a conclusion/recommendation, and (4) your recommendation to the case problem/issue(s). Your recommendation should take a position or suggest a plan of action.

Students will work in the same group for all group-based assignments.

MIDTERM EXAMS:

Midterm examinations will be held in class during the days indicated within the Class Outline. You must take the exam as scheduled unless you obtain instructor approval or encounter an emergency (see 'missed exams').

For all exams, you should bring your calculator and something to write with. You cannot bring your own cheat sheet; however, some formulas may be provided with the exam materials. This will be discussed prior to the exam.

FINAL EXAM:

Please be sure to check the time and location for this exam in advance, as the university sets this during the semester. This information can be found by checking the registrar's webpage or asking your instructor once the final exam schedule is released. The final exam is cumulative; thus, it will cover all chapters discussed during the semester.

MISSED EXAMS:

It is your responsibility to make every effort to ensure you are present for the examinations. Unexcused absences will result in a grade of 0%. If you have a conflict, please discuss it with me as far in advance as possible. In general, make-up exams are only offered in the event of

extenuating circumstances as detailed within the university's policies. (Visit <http://dos.uconn.edu/finals-rescheduling/> for information on finals rescheduling.) Note that the final exam may be scheduled on any day during finals week, and you are responsible for taking the exam during the scheduled time.

If you have an excused absence for the day of the exam, my general policy is to have you complete a makeup examination. In such an event, I will provide an alternate time when the exam can be taken. (In certain cases, I may agree to reweight the remaining components of the course grade instead of administering a makeup. I will make the determination in such cases. Reweighting will only be considered for missed midterm exams and not for a missed final exam.)

ACADEMIC HONESTY AND INTEGRITY:

The School of Business faculty strongly believes that academic integrity is a corner stone in the educational process. All students should familiarize themselves with the rules and regulations found in the student code.

(<http://community.uconn.edu/wp-content/uploads/sites/523/2014/06/1415-The-Student-Code.pdf>)

Note: It is crucial that you do your own work on all examinations and quizzes. If there is evidence of cheating disciplinary action will be taken, which may consist of giving a grade of 0% for the examination in question. Other punishments, including those listed in the university's policies, may be used when deemed appropriate. Please seek help early if you have difficulties in the class.

CLASS POLICIES:

Please be considerate of your instructor and fellow classmates and mute all cell phones, computer speakers, and other electronic devices. If you must take an emergency call, you may leave the classroom. Network access will *not* be disabled unless the majority of the class requests it or I feel that the majority of students are not paying attention in class.

If you have any special needs or require some accommodations, please let me know as soon as possible so suitable arrangements can be made.

WEBSITE:

Slides, additional readings, assignments, case questions, and other class material are posted on the course HuskyCT (<https://learn.uconn.edu>).

SNOW DAYS:

I will follow the university's snow day policy. In the event of an exam falling on a snow day, the exam will be rescheduled to the soonest available date, which will be announced via email. Online assignments will not be rescheduled in the event of a snow day since they are electronically based.

CLASS OUTLINE

The following outline is a *tentative* schedule of topics to be covered; we may change the timing or order as needed. Make sure to check with your fellow students for any changes if you miss any class.

Week	Dates	Topic and Material
Week 1	8/29	Introduction to the course
	8/31	Multinational enterprise and multinational financial management Ch. 1, slides.
Week 2	9/5	Assignment 1 due Parity conditions Ch. 6, slides.
	9/7	Case 1: Groupe Ariel S.A.: Parity Conditions and Cross-Border Valuation.
Week 3	9/12	Corporate strategy Ch. 16, slides.
	9/14	Case 2: Emirates Airline: Connecting the Unconnected.
Week 4	9/19	Multinational capital budgeting Ch. 18, slides.
	9/21	Case 3: Jabwood International: The Risky Business of Expanding East.
Week 5	9/26	Review session.
	9/28	Midterm examination (Ch. 1, 6, 16, 18).
Week 6	10/3	Midterm answers.
	10/5	International financial markets Ch. 11, slides.
Week 7	10/10	International financial markets (continued) Chs. 12, 13, slides.
	10/12	Case 4: Carrefour S.A.
Week 8	10/17	Interest rate and currency swaps Ch. 14, slides.
	10/19	Interest rate and currency swaps (continued) Ch. 14, slides.
Week 9	10/24	International tax environment Ch. 21, Slides.
	10/26	Case 5: Whelan Pharmaceuticals: Tax Factors and Global Site Selection.
Week 10	10/31	Review session
	11/2	Midterm examination (Ch. 11, 12, 13, 14, 21)
Week 11	11/7	Midterm answers.
	11/9	Translation and transaction exposures Ch. 8, slides.

Week 12	11/14	Translation and transaction exposures (continued) Ch. 10, slides.
	11/16	Case 6: Foreign Exchange Hedging Strategies at General Motors: Transactional and Translational Exposures.
Week 13	Off (11/21) Off (11/23)	No class– Thanksgiving recess.
Week 14	11/28	Economic exposure Ch. 9, slides.
	11/30	Case 7: Foreign Exchange Hedging Strategies at General Motors: Competitive Exposures.
Week 15	12/5 12/7	Review sessions.
Week 16	TBD	Final examination (All – Cumulative).

* Final Exam date and location is set by the university.