AFIN867
International Financial Management

Semester 2, 2012

Department of Applied Finance and Actuarial Studies
Students in this unit should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

The unit is concerned with the analytical techniques of international finance and investment. Topics include global flow of funds and international financial markets, foreign exchange markets, interest parity and arbitrage, purchasing power parity, hedging of foreign currency risks, futures and options.

TEACHING STAFF

- Convenor – Damian Bridge  (damian.bridge@mq.edu.au)

CONTACTING STAFF

Lecturer can be contacted during class time or by email to arrange an appointment.

- Consultation will be conducted on Monday between 3.30pm and 5.30pm in room E4B104. This will start in Week 3. Further consultation will be made available in the study week before the final exam.

You are encouraged to seek help, at a time that is convenient to you, from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct consultations by email.

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.
• Students should attend one 3 hour class per week.
• The timetable for classes can be found on the University web site at: http://www.timetables.mq.edu.au/

PRIZES

• Prizes for this unit (if applicable). http://www.businessandeconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

• Set chapters for each topic's lecture are drawn from this text and identified in the lecture topic table below. Students should read these chapters prior to the lecture, so that they are familiar with the material to be covered. This will greatly enhance your learning experience.
• Required texts can be purchased from the Macquarie University Co-op Bookshop.

TECHNOLOGY USED AND REQUIRED

• Students will require access to the internet to download lecture slides and tutorial solutions.
• The textbook also contains applicable online resources that must be accessed by the internet
• The assignment will require the use of word processing and/or spreadsheet programs.

UNIT WEB PAGE

• Course material is available on the learning management system (iLearn)
• There is no web page for this unit.

LEARNING OUTCOMES

The globalization of financial markets offers opportunities but it also introduces new risks. As a response, novel investment techniques and market as well as credit risk management models have been introduced or are in the development stage. This unit, will help you manage, and keep abreast of, changes which will accompany you in your future professional career.

The learning outcomes of this unit are:
1. Understand and appreciate changes in the global financial market that impact on international financial management.

2. Demonstrate an understanding of new investment techniques, markets and risk management models.

3. Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

**GRADUATE CAPABILITIES**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University’s graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Application of Finance Theory to International Markets
2. Ability to analyse situations from an International Finance perspective
3. Critically analyse current and historical issues in International Finance
4. Use of Integrative thinking to understand the role that International Finance has in Corporate Finance.
5. Solve problems relevant to Finance from an International Finance perspective.

**LEARNING AND TEACHING ACTIVITIES**

Each lecture is self-contained and structured according to the summary provided in the “Course structure and topics” section above. Students are expected to read the relevant chapters prior to the lecture, so that they are familiar with the material to be covered. This will greatly enhance your learning experience.

Dealing with advanced material in our subject area requires a range of generic skills. This unit aims at developing such skills. The lectures and in particular the assignment are tailored to enhance critical analysis, problem-solving and creative thinking, comprehension, computing and writing skills.

Class discussions promote verbal expression. However, you will only acquire these skills by attending classes, immersing yourself into solving the end of chapter assignment questions and participating in verbal class debates.

You should take the time to work on the problem sets, since they will tend to be similar in nature to the problems you see on the test and exam. Solutions will be provided for the assigned selected questions.

Class presentations will allow you to explore a current topic in detail and present to the class and develop your presentation skills.
**Research and Practice**

- This unit gives you opportunities to conduct your own research

---

**Relationship Between Assessment and Learning Outcomes**

The one hour Mid-Semester *Class Test* is a multiple choice test that will be conducted in week 7. The purpose of this test is to allow students to assess their progress and identify those students that are struggling with the subject matter. Where students are identified as being at risk they shall be invited to meet with their lecturer to discuss actions that will be implemented to address any issues.

*Presentations* will start in week 8. Students are expected to work in groups of 5 to address a case in the prescribed casebook and present to classmates for approximately 20 minutes. Students will be expected to answer questions from the lecturer and fellow students as well as propose questions. Presentations should be made using Powerpoint and all members must contribute. Team members will be asked to allocate the percentage each team member contributed.

Presentations should be of a professional standard and should not be read from pre-prepared notes.

Topics and presentation weeks will randomly assigned by the lecturer.

Presentations must be forwarded to the lecturer on by the Sunday of the teaching presentation week. This will be uploaded and made available to all students.

Material presented in cases may be examinable.
<table>
<thead>
<tr>
<th>Due date</th>
<th>Class Test</th>
<th>Presentation</th>
<th>Assignment</th>
<th>Final exam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 6</td>
<td>Week 7 Onwards</td>
<td>Various</td>
<td>TBA</td>
<td></td>
</tr>
<tr>
<td>% Weighting</td>
<td>20%</td>
<td>10%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>Grading method</td>
<td>Exam</td>
<td>Class Presentation &amp; Slide Submission</td>
<td>Against assessment criteria, analysis, judgement, recommendations</td>
<td>Exam</td>
</tr>
<tr>
<td>Submission method</td>
<td>In Class Exam</td>
<td>In class</td>
<td>In class or at BESS</td>
<td>Centrally conducted Examination</td>
</tr>
<tr>
<td>Feedback (type, method, date)</td>
<td>Nil</td>
<td>In class and written</td>
<td>Assignments and comments returned to students</td>
<td>N/A</td>
</tr>
<tr>
<td>Estimated student workload (hours)</td>
<td>1</td>
<td>5</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Learning outcomes assessed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>2</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>3</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>4</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>5</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>Class Test</td>
<td>Presentation</td>
<td>Assignment</td>
<td>Final exam</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</td>
<td>--------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>Graduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>capabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>assessed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>2</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>3</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>4</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
<tr>
<td>5</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>x</td>
</tr>
</tbody>
</table>

Assignments will be based on presentations each group has undertaken. These are to be submitted one week after your class presentation. They should be submitted in class. No extension is available. The essay must be submitted using the official cover sheet, with the plagiarism declaration (available on the unit homepage) signed. It is your responsibility to keep a dated, witnessed copy of your assignment in the case of any mishandling. Team members will be asked to individually answer and submit one of the allocated questions relating to the case study. The presentation should focus on the case to be examined as well as the questions raised at the beginning of each case. Late assignments will be penalised 2 marks per day.

Attendance: there is no compulsory attendance requirement for the unit.

Examinations: a final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and

ii) the student has attained the knowledge and skills tested in the exam.
The final examination for this unit will be held during the University Examination period.

The final exam will be a two hour written examination.

You must pass the final exam to pass the course overall.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

http://exams.mq.edu.au/

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University’s policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties’ Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: http://www.mq.edu.au/policy/docs/examination/policy.htm

**ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html
GRADES

Macquarie University uses the following grades in coursework units of study:

HD - High Distinction
D - Distinction
CR - Credit
P - Pass
F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at: http://www.mq.edu.au/policy/docs/grading/policy.html

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/policy.html

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Support Services. Details of these and other services for students can be accessed at http://www.student.mq.edu.au.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.
Students are expected to act responsibly when using University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved units is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.
<table>
<thead>
<tr>
<th>Week No.</th>
<th>Date (Week Beginning)</th>
<th>Topic</th>
<th>Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30 July</td>
<td>Foundations of International Financial Management 1</td>
<td>1 &amp; 2</td>
</tr>
<tr>
<td>2</td>
<td>6 August</td>
<td>Foundations of International Financial Management 2</td>
<td>3 &amp; 4</td>
</tr>
<tr>
<td>3</td>
<td>13 August</td>
<td>The Foreign Exchange Market 1</td>
<td>5 &amp; 6</td>
</tr>
<tr>
<td>4</td>
<td>20 August</td>
<td>The Foreign Exchange Market 1</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>27 August</td>
<td>Foreign Exchange Exposure</td>
<td>8 &amp; 9</td>
</tr>
<tr>
<td>6</td>
<td>3 September</td>
<td>World Financial Markets 1</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>10 September</td>
<td>Mid Semester Exam</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mid Semester Break 15th to 30th September</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Labour Day Holiday – 1 October (No Lectures this week.)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>8 October</td>
<td>World Financial Markets 2</td>
<td>12 &amp; 13</td>
</tr>
<tr>
<td>10</td>
<td>15 October</td>
<td>World Financial Markets 3</td>
<td>14</td>
</tr>
<tr>
<td>11</td>
<td>22 October</td>
<td>Financial Management of the Multinational Firm</td>
<td>16 &amp; 17</td>
</tr>
<tr>
<td>Week</td>
<td>Date</td>
<td>Topic</td>
<td>Chapters</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>--------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>12</td>
<td>29 October</td>
<td>Financial Management of the Multinational Firm</td>
<td>18, 19 &amp; 20</td>
</tr>
<tr>
<td>13</td>
<td>5 November</td>
<td>Consultation</td>
<td></td>
</tr>
</tbody>
</table>

Note: All chapters relate to the relevant chapter numbers in the prescribed textbook.