



# AFIN867

## International Financial Management

S2 Day 2014

*Applied Finance and Actuarial Studies*

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## General Information

Unit convenor and teaching staff

Unit Convenor

Damian Bridge

Contact via Please contact via ILearn

Please check iLearn for consultation details

Lecturer

Stanley Choi

Contact via Please contact via ILearn

Please check iLearn for consultation details

Credit points

4

Prerequisites

ACST603 or AFIN858 or (admission to MActPrac or MCom or MEc or MIntBus prior to 2011) or (admission to MIntRelMIntComTrdeComLaw or MIntTrdeComLaw or PGDipIntTrdeComLaw or PGCertIntTrdeComLaw)

Corequisites

Co-badged status

Unit description

This 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, arbitrage and currency speculation, purchasing power parity, real effective exchange, commodity swaps, short and long-term hedging of foreign currency risks, futures and options in currencies.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Understand and appreciate changes in the global financial market that impact on international financial management.

Demonstrate an understanding of new investment techniques, markets and risk

management models.

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

## Assessment Tasks

| Name              | Weighting | Due                           |
|-------------------|-----------|-------------------------------|
| <u>Assignment</u> | 30%       | One week after presentation   |
| <u>Class Test</u> | 20%       | Week Beginning 15th September |
| <u>Quizzes</u>    | 10%       | Refer to ILearn               |
| <u>Final Exam</u> | 40%       | University Exam Period        |

### Assignment

Due: **One week after presentation**

Weighting: **30%**

No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

Please note that this is a group assignment. Groups will be organised in class early in the semester

On successful completion you will be able to:

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

### Class Test

Due: **Week Beginning 15th September**

Weighting: **20%**

There will be no supplementary examination.

Students who have applied for and received special consideration will receive a verbal examination by two staff members.

You are permitted ONE A4 page of paper containing reference material printed on both sides.

The material must be handwritten. The page will not be returned at the end of the examination.

More details regarding the exam will be made on iLearn closer to the exam date.

On successful completion you will be able to:

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

## Quizzes

Due: **Refer to iLearn**

Weighting: **10%**

No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved. In this case the average score will be awarded.

On successful completion you will be able to:

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

## Final Exam

Due: **University Exam Period**

Weighting: **40%**

Students may use a hand written double sided A4 crib sheet.

To be eligible to pass the unit, a pass is required in the final examination.

You are permitted ONE A4 page of paper containing reference material printed on both sides. The material must be handwritten. The page will not be returned at the end of the examination.

On successful completion you will be able to:

- Understand and appreciate changes in the global financial market that impact on international financial management.

- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

## Delivery and Resources

### CLASSES

- 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.businessandconomics.mq.edu.au/undergraduate\\_degree/prizes\\_scholarships](http://www.businessandconomics.mq.edu.au/undergraduate_degree/prizes_scholarships)

### REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

- International Financial Management: Sixth Edition Eun & Resnick, ISBN-978-0-07-803465-7, Publisher: McGraw-Hill Irwin?Copyright: 2012
- 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

- Financial non-programmable calculators can be used in the unit. A financial calculator is not essential as a scientific non-programmable calculator should meet all your needs (calculation of the Internal Rate of Return (IRR) is not required in any of the assessment tasks). Note: Only non-programmable calculators without text retrieval functionality are allowed for use in the unit's assessments tasks.
- Excel or similar spreadsheeting tool will be required to complete the assignment.
- Students should have access to the internet.

## Unit Web Page

- Course material and announcements are available on the learning management system (iLearn).

## Unit Schedule

| Week No. | Date (Week Beginning) | Topic   | Chapters |
|----------|-----------------------|---|----------|
| 1        | 4 August              | Foundations of International Financial Management 1 | 1 & 2    |
| 2        | 11 August             | Foundations of International Financial Management 2 | 3 & 4    |
| 3        | 18 August             | The Foreign Exchange Market 1                       | 5 & 6    |
| 4        | 25 August             | The Foreign Exchange Market 2                       | 7        |
| 5        | 1 September           | Foreign Exchange Exposure                           | 8 & 9    |
| 6        | 8 September           | World Financial Markets 1                           | 11       |
| 7        | 15 September          | Mid Semester Exam                                   |          |
| 8        | 6 October             | Public Holiday - No Lectures                        |          |
| 9        | 13 October            | World Financial Markets 2                           | 12 & 13  |
| 10       | 20 October            | World Financial Markets 3                           | 14       |
| 11       | 27 October            | Financial Management of the Multinational Firm 1    | 16 & 17  |

|    |             |   |                |
|----|-------------|---|----------------|
| 12 | 3 November  | Financial Management of the Multinational Firm<br>2 | 18, 19 &<br>20 |
| 13 | 10 November | Consultation  |                |

Note:

These dates are subject to change.

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

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

### Supplementary Examinations

[http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i\\_special\\_consideration](http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i_special_consideration)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

### Learning outcomes

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

### Assessment tasks

- Assignment



- Class Test
- Quizzes
- Final Exam

## PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

### Learning outcomes

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives, transaction exposure, capital structure and international portfolio theory.

### Assessment tasks

- Assignment
- Class Test
- Quizzes
- Final Exam

## PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

### Learning outcomes

- Understand and appreciate changes in the global financial market that impact on international financial management.
- Demonstrate an understanding of new investment techniques, markets and risk management models.
- Critically evaluate advanced concepts relating to foreign exchange, financial derivatives,

transaction exposure, capital structure and international portfolio theory.

## **Assessment tasks**

- Assignment
- Class Test
- Quizzes
- Final Exam

## **Changes from Previous Offering**

Nil

## **Research and Practice**

- This unit gives you opportunities to conduct your own research