

INTERNATIONAL FINANCE

Fall Semester 2020 (Master course)

Tuesday 12:15 pm-3:00 pm, PER 21, Room A140

Course description:

Most companies and individuals conduct their business in an increasingly integrated world. Doing business in an international context raises different problems that are not encountered in a domestic setting. Therefore a sound understanding of the mechanics of international financial markets and of principles of international financial management should be part of the background of any modern manager. This course provides the necessary tools to face these challenges and also shows how the main concept of finance can be extended to an international environment. The course first describes the international financial environment. The second part analyzes portfolio investment decisions in such a context while the third part considers the main issues faced by the firm in an international environment as well as their solutions.

Course outline:

Chapter 1: Introduction

Part I: The international financial environment

Chapter 2: The international monetary system

Chapter 3: International parity conditions

Chapter 4: Foreign exchange rate determination

Chapter 5: Foreign currency derivatives

Part II: International portfolio theory

Chapter 6: International diversification

Chapter 7: The international capital asset pricing model

Part III: The firm in the international environment

Chapter 8: Foreign exchange risks and hedging

Chapter 9: Financing the international firm

Chapter 10: Investment decisions of the international firm

Teaching methods:

Formal lectures will alternate with exercises sessions. This course consists of in-person sessions with simultaneous remote feed on MS-Teams for those unable to attend. Covid-19 regulation require the registration of participants to each session.

Prerequisites:

It is assumed that students taking this master course are familiar with the finance and statistical concepts exposed in the 2nd and 3rd year of Bachelor program at the University of Fribourg (or equivalent). This means that standard finance and statistics notions are supposed to be mastered by the students.

Grading:

Grading is based on a 90 minutes written exam. The documentation is not authorized except a one-side A4 sheet with personal hand-written notes. This course is worth 4.5 ECTS credits.

References:

Bekaert G. and R. Hodrick, 2018, *International Financial Management (3rd edition)*, Pearson Education.

Butler K., 2016, *Multinational Finance (6th edition)*, Wiley & Sons

Eiteman K., Stonehill A. and M. Moffett, 2016, *Multinational Business Finance (14th edition)*, Pearson Addison Wesley.

Eun C. and B. Resnick, 2015, *International Financial Management, (7th edition)*, McGraw-Hill International.

Sercu P., 2009, *International finance: Theory into practice*, Princeton University Press.

Shapiro A., 2014, *Multinational Financial Management (10th edition)*, Wiley.

Solnik B. and D. McLeavey, 2009, *Global Investments (6th edition)*, Pearson Prentice Hall.

Course material:

All course material is available from the dedicated Moodle platform. This platform can be accessed at the address <http://moodle2.unifr.ch/course/>. Course material access is reserved to students following this course. The access key can be obtained by request from the assistant. No paper version will be provided

Communication with the instructors:***Instructor:***

Prof. Dr. Dušan Isakov, Office # E440, PER21, email: dusan.isakov@unifr.ch, phone: 026-300 83 00. Office hours are Monday from 3:15 pm-6pm. Appointments must be arranged by email

Assistant:

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