

TEACHING GUIDE

Course Information	
Full name	International Corporate Finance
Code	0000012181
Degree	Master in International Management
Taught in	Advantere School of Management
Level	Postgraduate Official Master's Degree
Term	Semester
Credits	4,0 ECTS
Type	Mandatory
Person in charge	Paolo Saona Hoffman
Office hours	After class and via email upon request

Professor Information	
Professor	
Name	Paolo Saona Hoffmann
Department / Area	Advantere
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SPECIFIC COURSE INFORMATION

Course contextualization

Contribution to the professional profile of the degree

Multinational companies face financial decisions that go beyond those encountered by those operating in purely domestic settings. Based on this recognition, the International Corporate Finance course addresses the following contents:

- Exchange rates
- Fundamental conditions of international parity
- Interest rate risk management
- Exchange rate risk management
- Financial globalization
- Listing on foreign stock markets
- International portfolio management
- Profitability and risk of international investment
- Public financing in international projects
- International debt instruments; Weighted average cost of international capital
- The international investment decision (evaluation and required return)
- Country risk (country risk concept, evaluation methods, effects and credit rating)

Competences - Objectives

Competences

GENERAL

CG1 Cognitive abilities of analysis and synthesis, applied to business situations and organizational management scenarios.

RA1 Able to cope with the analytical case studies and scenarios; also to take effective synthesis of information and data.

CG2 Management of information and data as key elements for decision-making and for identifying, formulating and solving business problems.

RA1 Able to search and analyze information from various sources.

RA2 Search, identify, appropriately synthesize and use primary and secondary data from various sources.

RA3 Discern the value and usefulness of different sources and types of information, contrasting them, critically analyzing and incorporating own assessments.

RA4 Incorporate information to one's own discourse.

RA5 Properly citation the sources used.

CG3 Project based learning: Ability to develop and execute group projects in their different phases based on real situations, proposing real solutions and making all interactions with the team, clients and any other participant.

RA1 Ability to commit to the development of experimental collective projects based on the real world, managing and aligning the client's needs with the available resources, optimally distributing the work, communicating and projecting its different phases, proposing real solutions and making all the tasks efficient. interactions with the team, customers and other stakeholders.

CG5 Ethical commitment in the application of universal moral values and of the organization in the face of ethical dilemmas and corporate social responsibility, with special sensitivity to international diversity.

RA1 Assume the ethics and values associated with the performance of the profession.

RA2 Pursue excellence in professional work.

RA3 Assume a responsible attitude towards people, and with the means and resources that are used or managed in an organization.

RA4 Worry about the consequences that your activity and behavior may have for others.

RA5 The student incorporates in his/her speech and in his/her proposals, the consequences that they can have for the different stakeholders of a global organization.

RA6 Understand and value different cultural and ideological perspectives.

CG6 Ability to manage time with the aim of improving personal and team effectiveness within the framework of business organizations, their environment and their management.

RA1 Able to organize and meet deadlines assigned to tasks.

RA2 Prioritize time and energy when carrying out studies.

CG8 Recognition as global citizens, who value diversity and intercultural dialogue as a source of human enrichment.

RA1 Respect, value and celebrate diversity and have a cosmopolitan mindset.

RA2 Describe the evolution and main dimensions of globalization.

RA3 Explain the functions of the different institutions and organizations within which the organization of the current global scenario rests.

RA4 Know and understand a variety of theories, models and tools that can be applied to analyze and assess the global business environment and to solve problems and case studies.

RA5 Describe the main theories of trade, liberalization and internationalization used to understand the current global business environment.

RA6 Critically assess the regulatory environment in which international business operates.

RA7 Identify salient issues impacting the global business environment (such as social responsibility and ethics; environment; global financial crisis) and assess the diverse responses of companies and other international organizations to these issues.

CG8 Recognize and understand the effect that a company's international activity has on investment and financing decisions, as well as the opportunities and risks arising from the existence of international financial markets and from operating in different currencies.

- RA1 Recognize and appreciate the challenges inherent in multinational corporate financial management.
- RA2 Demonstrate understanding of the factors that determine the cost of capital on the international stage.
- RA3 Learn about the foreign exchange market and the determinants of price fluctuations.
- RA4 The student will be capable of analyzing the parity relationships of the different currencies.
- RA5 Know the risk coverage mechanisms and be capable of applying them in practice.
- RA6 Apply asset valuation models in the international arena.
- RA7 Understand the concept of country risk and its importance for international business

SPECIFIC

CE10 Ability to identify and understand the most current dynamics and practices in the management of global companies, applying them, if necessary, to real situations.

- RA1 Demonstrate interest in extending his/her training and be current on his/her interventions.
- RA2 Show interest in contacting with professionals, actively participating in those activities that allow one to approach the professional practice of international management.
- RA3 Know and regularly consult the organizations, professional forums and publications that allow one to keep up to date in professional practice.
- RA4 Identify through contact with professionals, thanks to their participation in case studies and events, and attendance at conferences, among other activities, the challenges and management tools for the different functional areas of a global company, being able to propose actions to solving real problems.

CONTENTS

Contents – Topics

International Financial Management

Part I: The International Financial Environment

International financial markets

- Motives for using international financial markets
- Foreign exchange market
- International money, credit, and bond markets
- International stock markets

Exchange rate determination

- Exchange rate movements and their measure
- Factors that influence exchange rates

Currency derivatives

- Forward market
- Currency future market
- Currency options market
- Currency call options
- Currency put options
- Contingency graphs for currency options

Part II: Exchange Rate Behaviour

International arbitrage and interest rate parity

- International arbitrage
- Comparison of arbitrage effects
- Interest rate parity (IRP)

Relationship among inflation, interest rates, and exchange rates

- Purchasing power parity (PPP)
- International Fisher effect (IFE)
- Comparison of the IRP, PPP, and IFE

Grading System

EVALUATION AND GRADING CRITERIA

Assessment activities	% of grade
Mid-term test	25
Group case study 1	10
Presentation case study 1	10
Group case study 2	10
Presentation case study 2	10
Final Exam	35
Total Grade	100

In order to pass the course, independently of the other grades in the course, it is required that the student must get at least a minimum of 5/10 grade in the final exam

The evaluation criteria of the Course are governed by the following regulations:

1. All students must comply with 100% attendance on the days set for this course. Any absence must be justified.
2. The final grade corresponds to the sum of the graded activities, evaluation criteria and % of total grade described in the Evaluation and Grading Criteria section.
3. Individual and group work must be delivered on time and in the manner planned by the course professor.
4. A final mark below 5 implies the completion of an extraordinary test. The final grade in this exam may not be higher than the median of those passed at the time of set exams.

The Evaluation Criteria to enroll for a second year

The student enrolled in the course for the second year must comply with the individual and group tasks set by the course professor. The same evaluation criteria described in the Evaluation and Grading Criteria section will be maintained.

For those circumstances not foreseen in this Teaching Guide, the Advantere School of Management Regulations and the Comillas General Regulations will apply.

STUDENT WORKING PLAN			
PRESENTIAL HOURS			
Theoretical sessions	Practices	Guided academic activities	Evaluation
14	13		3
NON-PRESENTIAL HOURS			
Autonomous work on theoretical contents	Autonomous work on practical contents	Collaborative work	Self-study
10	10	10	15
CREDITS ECTS:			3

BIBLIOGRAPHY AND SOURCES

Basic References

Books

Required textbook:

Madura J. International Financial Management, 12th Edition, South-Western CENGAGE Learning

Madura J. Financial Markets and Institutions, 11th Edition, South-Western CENGAGE Learning

Optional textbooks:

Eun, Ch. and Resnick, B. International Financial Management, 7th Edition, McGrawHill.

Madura, J. and Fox, R. International Financial Management. South-Western CENGAGE Learning.

Eiteman, D., Stonehill, A. and Moffett, M. Multinational Business Finance, Global 14th Edition, Pearson.

Bekaert, G. and Hodrick, R. International Financial Management, Pearson New International Edition, 2nd Edition.

Copeland, L. Exchange Rates and International Finance, 6th Edition, Pearson.