OBJECTIVE
The course’s goal is to give students the tools needed to apply finance principles to international business decisions. Broadly speaking, we will explore various aspects of multinational corporate financial management. The list of topics we will cover includes (among others): country risk assessment, cross-border financing and investment analysis, corporate laws and governance around the world. We will give special emphasis on applications in emerging markets (that includes 3 cases involving companies with operations in emerging markets).

You should expect to have fun, but prepare to work hard in this course! Time commitment is a necessary condition for a final passing grade.

CONTENTS
1. Why are multinational companies different?
2. Principles of financial hedging
3. Cross border financing decisions
4. Cross border investment decisions

METHODOLOGY
This course will be based on lectures, study of cases, academic paper discussions and the participant-centered learning process.

We will also be talking in class about recent news related to international financial markets (e.g., fall/rise of the US dollar, the effect of financial crises on firms’ investment and financing decisions, etc.) and to multinational companies’ businesses (e.g., cross-border mergers and acquisitions, entry in a new country/market, WTO disputes, etc.). We’ll refer to news published in outlets such as newspaper such as The Economist, the Wall Street Journal or the Financial Times almost every time we meet.

Finally, a (not necessarily financial) calculator might prove very useful for the exercises, quizzes and tests of this course (sometimes a financial calculator may provide shortcuts to your computations, but I do not think it is necessary that you have one for this course). You will not be allowed to use the calculator of your cell phone or tablet during quizzes and exams.

COURSE REQUIREMENTS
Students are expected to have a good knowledge of basic math and statistics, basic financial concepts (time value of money, single-currency capital structure and cost of capital) and some basic knowledge of accounting.

GRADING
Your final grade will be based on a set of points accumulated throughout the course. Points will first be given on a (raw) 0–100 scale, and afterwards re-scaled (curved) into an A-E scale, according to relative performance. Grades are assigned to various activities as follows:

• Quizzes: There will be 3 in-class, 30-45 minutes quizzes.............. 30%;
• Case Studies: There will be 3 case studies .................. 30%;

Cases can be worked out in groups of 2 to 4 students. Cases are not simple follow-ups on class notes. Instead you’ll need insights from various areas of finance and other subjects (such as marketing and strategy) to solve them (no solution is perfect). We will use cases so that solving them is more of a learning experience of new materials than any sort of test on old materials. You’ll be randomly asked to present your case solution in the case’s due date. Alternatively, I may give extra points to those who volunteer to present before class. More importantly, you are expected to be in the classroom on time.
to discuss the cases. If you are absent, your grade is limited to 50% of total points of that case, even if you have submitted your solution in advance.

- **Final Exam**: on June 10.............................................................. 30%

The final exam will cover all the material studied (including the cases).

- **Class Participation**: The remaining 10% of your grade hinges on class participation. Here, I mean active participation by you via discussions, questions, and contributions of examples from current events and/or personal business experiences. I believe 10% is actually a low weight. In the real world, participation in relevant group discussions account for nearly 100% of how you are “graded” by your peers and bosses. Note that just showing up for classes will not entitle you to class participation points and disruptive behavior may well lead to point losses (negative points in class participation). On the other hand, I will likely give extra points to students whose participation helps class development. To help with the process, I’ll try my best to know the names of all of the students in the class, calling upon them directly to participate.

With the exception of major events (like natural disasters), there are no make-up exams or quizzes. Should you have a valid reason for not taking the exam on the scheduled day, I may write a new exam for you. Valid reasons typically involve student’s illness or death in the immediate family. Job interviews and trips are not valid reasons for missing a University exam.

**Final Grade Review**

If after you receive your final grade you believe an error occurred, you can ask for a review of your grade. Importantly, I hereby request that we abide by the following guidelines in a grade review case. First, notice that we are not going to be able to discuss the grades of previous case studies, quizzes, etc.; any questions about those assignments should have been resolved shortly after their grades were given to you during the semester. Second, any post-final grade meeting can’t revolve around my perception about your class participation during the semester. Whatever judgment I had made about participation, it was based on information that was relevant and current during the course of the semester. It is not acceptable to discuss ways to change this after the semester is over. If one wants to obtain high participation points, one has to participate actively in class when class is in session, as opposed to lobbying for points in class participation after the semester is over. In that regard, statements like “I came to every class” and “I was silent but was paying attention all the time” are not very useful. Any meetings that we have over final grade review/grievance will have to be productive. Hence, they will have to focus only on either of the following: a) the computation of the final grade, or b) the final exam. Finally, I expect that any request for a grade change will be done no longer than 1 week after the grades are disclosed.

**Attendance**

Part of your grade hinges on class participation and class activities. Because much of the learning in this course occurs in the classroom, it is important that you attend classes. Class attendance is mandatory according to the program rules. I tend to memorize students’ names and faces, but not necessarily formally take class attendance. If you miss a class it is your responsibility to check with a classmate on what took place during that class.

**CONTACT AND OFFICE HOURS**

My office hours are Thursdays 2:30 pm – 3:30, but meetings must be scheduled at least 24h in advance, using my email rafael.schiozer@fgv.br.

The best way to communicate with me out of the classroom is via e-mail. I usually respond my emails twice a week.

**REFERENCES**

**Books:**

- **[BDM]** Berk, J. and DeMarzo, P., *Corporate Finance*, 3rd Ed. Pearson**. (older editions are OK, too)

** Other good Corporate Finance textbooks such as: (i) Brealey, Myers and Allen, (ii) Gitman, (iii) Ross, Westerfield and Jaffe, (iv) Berk, DeMarzo and Harford are good alternatives. Please check the corresponding chapters.
Class Notes:
- Foreign Exchange Markets and Transactions (Harvard Case 9-205-106)

Other useful books and references:
- Madura, Jeff, International Corporate Finance, 11th Ed., Cengage Learning (earlier editions are OK, too. Check the corresponding chapters of earlier editions).
- Shapiro, Alan C., Multinational Financial Management, 9th Ed., Wiley

Cases:
1) Nodal Logistics and Custo Brasil (Thunderbird Case TB0049)
2) Globalizing the Cost of Capital and Capital Budgeting at AES (Harvard Case 5-206-080)
3) New Earth Mining, Inc (Harvard Case 9-204-043)

Note: One or more of these cases may change upon the beginning of the course, in case some new interesting material is launched.

Academic Papers:
The papers below have a more academic perspective, and will help you gain a more critical view on the subjects we will be studying during the course, while the book and cases papers are aimed at giving you the practical tools. They are mandatory readings for the sessions 3, 5 and 8, as indicated below. We will not necessarily discuss the papers during our sessions (we will only do that if we have the time). These readings are also material for the quizzes and the final exam, whether we discuss it in the classroom or not.


SCHEDULE
(Note: tentative and subject to change)

<table>
<thead>
<tr>
<th>Session</th>
<th>Day</th>
<th>Topic</th>
<th>Book Chapter / Assignment</th>
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<tbody>
<tr>
<td>1</td>
<td>18-Feb</td>
<td>Course Introduction&lt;br&gt;A brief review on capital budgeting and cost of capital under single currency.</td>
<td>[BDM] – Chapters 6, 7, 14, 15, 16**</td>
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<tr>
<td>2</td>
<td>25-Feb</td>
<td>Quiz #1 (contents of session #1)&lt;br&gt;Globalization and the Multinational Firm; The Market for Foreign Exchange</td>
<td>Harvard Text 9-205-016 [EUN] – Ch. 1, 5</td>
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<td>3</td>
<td>3-Mar</td>
<td>Futures and Options on Foreign Exchange; Management of Transaction Exposure</td>
<td>[EUN] – Ch. 7, 8 [FSS]</td>
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<td>4</td>
<td>10-Mar</td>
<td>Management of Economic Exposure; Management of Translation Exposure&lt;br&gt;Case: Nodal Logistics</td>
<td>Thunderbird Case TB0049 [EUN] – Ch. 9, 10</td>
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<td>Date</td>
<td>Session Date</td>
<td>Event</td>
<td>Study Material</td>
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<td>5</td>
<td>17-Mar</td>
<td>Quiz #2 (contents of sessions 2, 3 and 4)</td>
<td>[EUN] – Ch. 16, 17</td>
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<td>Foreign Direct Investment</td>
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<td>International Capital Structure and the Cost of Capital</td>
<td>[GOU]</td>
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<td>[EUN] – Ch. 17</td>
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<td>-</td>
<td>24-Mar</td>
<td>National holiday (no class)</td>
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<td>6</td>
<td>31-Mar</td>
<td>Case: AES International Capital Structure and the Cost of Capital</td>
<td>Harvard Case 5-204-109</td>
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<td>(cont.)</td>
<td>[EUN] – Ch. 17</td>
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<td>7</td>
<td>7-Apr</td>
<td>Case: New Earth Mining</td>
<td>Harvard Case 9-913-548</td>
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<td>International Capital Budgeting</td>
<td>[EUN] – Ch. 18</td>
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<tr>
<td>8</td>
<td>14-Apr</td>
<td>Quiz #2 (contents of sessions 5, 6 and 7)</td>
<td>[EUN] – Ch. 18</td>
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<td></td>
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<td>International Capital Budgeting (cont.)</td>
<td>[MIL]</td>
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<td>-</td>
<td>21-Apr</td>
<td>National holiday (no class)</td>
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<tr>
<td>9</td>
<td>28-Apr</td>
<td>Final Exam</td>
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Classes are from 4:00 to 6:50 PM;