# International Corporate Finance

## Prof. Silvia Rigamonti

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

This course addresses corporate finance issues relevant for multinational corporations. The material covered will allow students to understand the principles and the tools to make sound international financial decisions and to manage the risks that firms are required to face in a competitive global environment.

At the end of the course, students will be able to:

* identify and interpret the theoretical and conceptual foundations of the management of exchange rate risk exposure (knowledge);
* identify and interpret the theoretical and conceptual foundations related to the appraisal of investment and financing decisions in an international context (knowledge);
* understand how hedging and investment policy in an international setting can be affected by environmental and sustainability issues (knowledge);
* develop theoretical and conceptual knowledge on the design and use of proper risk management and foreign direct investment policies (knowledge);
* analyze, interpret, and evaluate key data and financial information and transform them into relevant knowledge to support corporate decisions in multinational corporations (intellectual skill);
* apply their knowledge, understanding, and problem solving abilities in foreign exchange risk management and in investments valuation to real-world cases (practical skill);
* critically recognize, assess, and review how choices in foreign exchange risk management and in international investments and financing impact responsible decision making in complex organizations (transferable skill).

***COURSE CONTENT***

*1.Foreign Exchange Risk Management*

International Monetary System. The Market for Foreign Exchange. Exchange rate and international parity relations. Futures and Options on Foreign Exchange. Foreign exchange exposure. Measuring and managing foreign exchange exposure.

2. *Multinational firms and foreign direct investments*

Greenfield investments. Cross-border M&As. Political risk and the impact of environmental and sustainability issues. International capital budgeting. Valuing foreign firms.

3. *International capital structure and international financing*

How multinational firms establish their capital structure. The cost of capital for multinational firms. International equity and debt financing.

***READING LIST[[1]](#footnote-1)***

*Required readings*

C.S. Eun-B.G. Resnik*, International Financial Management*, 9th Edition, McGraw Hill, 2021. [*Acquista da VP*](https://librerie.unicatt.it/scheda-libro/cheol-s-eun-bruce-resnick-tuugi-chuluun/international-financial-management-9781260575316-705240.html)

***TEACHING METHOD***

The course will be in the form of lectures, case discussions and exercises. Students are strongly encouraged to actively participate. There will be in-class as well as take-home exercises. Case discussions are intended as a learning exercise. There will be group presentations as well.

***ASSESSMENT METHOD AND CRITERIA***

Students can choose between a multiple assessment route and a single assessment route.

Multiple assessment route

Students who plan to regularly attend classes are evaluated as follows: Class participation (30% of the final grade), Final Exam (70% of the final grade). Class participation will consider case discussions, discussions of other casual readings, solution and discussion of exercises. The Final Exam consists in a written test, composed by multiple-choice questions (20% of the final grade), an open question (10% of the final grade) and in 2 quantitative exercises (40% of the final grade). The multiple-choice questions and the open question are intended to verify the theoretical and conceptual knowledge. Quantivative exercises aim at assessing the ability to effectively apply tools and techniques learned during the course. For a PASS in the multiple assessment route, the following conditions must be met: (i) minimum attendance of 75% is mandatory; (ii) the grade received in the final exam must greater than or equal to 18; (iii) the final grade must be greater than or equal to 18. Students who do not pass the multiple assessment route are evaluated according to the single assessment route.

Single assessment route

The exam consists of a written test, composed by multiple-choice questions (20% weight), an open question (10%) and 3 quantitative exercises (70% weight). The multiple-choice questions and the open question are intended to verify the theoretical and conceptual knowledge. Quantivative exercises aim at assessing the ability to effectively apply tools and methods learned during the course.

Assessment criteria

The student's preparation is evaluated according to grading scales which are published in Blackboard.

***NOTES AND PREREQUISITES***

N. ECTS - 8

Enrollment requirements - Officially, students enrolled in the Master of Science in Management must have taken the course in Corporate finance (options, futures and derivatives). Students enrolled in the Master of Science in Management per l’impresa must have taken the course Finanza aziendale (asset pricing e finanziamento delle imprese). Since part of the course is devoted to the use of currency derivatives, it is highly recommended that all students have preliminary knowledge of derivatives. Students must also have knowledge of the basics of corporate finance (i.e. capital budgeting, financing decisions).

Language of instruction - English

Attendance – Minimum attendance of 75% is mandatory for a final PASS in the multiple assessment route.

Associated courses – Corporate Finance (options, futures and derivatives). Financial Accounting and Analysis (main issues in the application of IFRS).

International dimension – International teaching materials are used throughout the course.

Business connection - The course makes extensive use of contemporary business cases and examples.

Professional context - The course teaches how to make managerial decisions from the perspective of the financial manager. The course provides students with skills and tools that will serve them in their future managerial careers as they will learn how to make sound and responsible international financial decisions and how to manage risks that firms are required to face in a competitive global environment.

Further information – Additional information regarding the course schedule and delivery, learning assessment, expectation and policies, general announcements, and additional course materials will be posted on Blackboard.

1. I testi indicati nella bibliografia sono acquistabili presso le librerie di Ateneo; è possibile acquistarli anche presso altri rivenditori. [↑](#footnote-ref-1)