

In view of the health context linked to the spread of the coronavirus, the methods of organisation and evaluation of the learning units could be adapted in different situations; these possible new methods have been - or will be - communicated by the teachers to the students.



5 credits

30.0 h

Q1

Teacher(s)	Thewissen James ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	<p>For many years, most companies have been dealing with the challenge of having to grow their business on an international basis through export sales (international trade) or direct foreign investments (subsidiaries, JVs, etc). In the last decade, this strategy has become even more important as the world economy has become a true global market place for consumer and industrial goods as well as financial products and services.</p> <p>In the course <i>International Financial Management</i>, we mix theory, examples and practical case studies to truly understand what to do when confronted with an international financial situations at the corporate level. We explore international financial markets (it's a structure, the impossible trinity and the predictability of exchange rates); and develop valuation methods required to value an international investment project. The course focuses on the sources of risk that arise in international financial markets (for example currency risk and credit risk in international trade) and shows how these risks can be mitigated. In addition, we discuss contemporary issues in international markets, such as cryptocurrencies and ICOs. We also elaborate on mergers \&amp; acquisitions and tax aggressiveness in an international context and reflect on how such decisions affect a firm's value.</p>
Aims	<p>The course provides the student with practical tools that can be used to fulfill the tasks of an international finance manager. These tasks include (i) financing (funding, financial investments), (ii), risk management (especially hedging, that is, risk reduction), and (iii) help in decision making by offering valuation of commercial or investment proposals.</p> <p>At the end of the course, the student should be able to:</p> <ul style="list-style-type: none"> <li>• identify and quantify the exchange rate risk in different aspects of business operations and suggest efficient solutions to manage these risks.</li> <li>• calculate the cash flows of financial derivatives and use these derivatives to manage exchange rate risks in an international company.</li> <li>• demonstrate the difference between domestic and international models for corporate finance and understand the necessity of the application of a valuation methodology that is conform the international setting in which the company operates.</li> <li>• understand the current challenges in international markets and their implications.</li> <li>• evaluate various forms of foreign direct investment.</li> <li>• calculate the value of international investment projects by applying a discounted cash flow approach or a real option analysis.</li> <li>• understand the challenges dealt with in a context of M&amp;As or the implications of tax aggressiveness in major corporations.</li> </ul> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods	<p><b>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</b></p> <ul style="list-style-type: none"> <li>• Oral: Yes (TBD)</li> <li>• Written: Yes (TBD)</li> <li>• Unavailability or comments: Written or oral examination according to the number of students. To be discussed as the end of the semester approaches.</li> </ul> <p>The (oral or written) exam will be worth 60% of the grade. Students will also work on a case-study of their choice. The report should be five page long and will be written in groups. Sessions will be organized during the course to discuss the report. The analysis of the case study (shortly defended during the oral exam, if an oral exam) counts for 40% of the grade. If an oral exam takes place, the grade related to the case study will contain a percentage (TBD) for the oral defense. If not, the end report will be worth the full 40% of the final grade.</p>

Teaching methods	<p><b>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</b></p> <p>The method of this course combines theory and real business life experience:</p> <ol style="list-style-type: none"> <li>1. The presentation of theoretical background with references to the existing literature.</li> <li>2. Presentation of real-life examples through a case study leading to a class discussion.</li> <li>3. Case study on which students will work on their own.</li> <li>4. The course also benefits from the intervention of external professionals.</li> </ol>
Content	<p><b>Part I - Architecture of international markets</b></p> <ul style="list-style-type: none"> <li>• Foreign exchange markets</li> <li>• The Impossible Trinity and the predictability of exchange rates</li> <li>• New trends in international finance (cryptocurrencies and ICOs)</li> </ul> <p><b>Part II – International parity conditions and exchange rate determination</b></p> <ul style="list-style-type: none"> <li>• PPP, real-exchange rates and the interest rate parity</li> <li>• iCAPM</li> </ul> <p><b>Part III - International corporate finance</b></p> <ul style="list-style-type: none"> <li>• International capital budgeting</li> <li>• Management of transactional exposure</li> <li>• Management of economic exposure</li> </ul> <p><b>Part IV – International capital markets</b></p> <ul style="list-style-type: none"> <li>• International equity financing and share cross-listing</li> <li>• M&amp;As – New evidence and cross-country analysis</li> <li>• Tax aggressiveness</li> </ul>
Bibliography	<p><i>Bekaert and Hodrick, International Financial Management, 2018, Cambridge University Press</i></p> <ul style="list-style-type: none"> <li>• Selected chapters</li> <li>• Available in the library</li> </ul> <p><i>Sercu, P., International Finance: Theory into Practice, 2009, Princeton University Press</i></p> <ul style="list-style-type: none"> <li>• Selected chapters</li> <li>• Available in the library</li> </ul>
Faculty or entity in charge	CLSM

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Aims
Master [60] in Management	<a href="#">GESM2M1</a>	5		
Master [120] in Management	<a href="#">GEST2M</a>	5		
Master [120] in Management	<a href="#">GESM2M</a>	5		