

International Investments

Finance 3582/6581
INT'L BUS 3582
Spring 2021



*University of
Missouri
in St. Louis*

Course Information

Instructor: Christina Fusch, DBA
Phone: (206) 735-0696 (you can text me)

E-mail: Please use Canvas Inbox
Office Hours: by appointment

Course Description

This course explores the concepts of investing and hedging risk management, portfolio diversification, currency risk, asset pricing, and alternative portfolio strategies. Techniques for using derivatives are discussed in the context of hedging exchange rate risk. Reading foreign exchange quotes and understanding the functioning of global markets is central to the course. A prior course in investments is recommended but not required. Prerequisites: FINANCE 3500.

Course Goals (Student Competencies & Outcomes)

Upon successful completion of this course, students will be able to...

1. Analyze key components of international investing and risk management
2. Calculate portfolio strategies for risk management
3. Investigate effective ways to hedge against risk using derivatives
4. Read foreign exchange quotes
5. Evaluate the functioning of global markets

Textbook

John Hull (2017). *Options, Futures, and Other Derivatives*. 10th edition. Pearson.
ISBN-13: 978-0134472089
ISBN-10: 013447208X

Time Requirements

If this course were offered on campus, you'd be in class 2.5 hours/week plus travel time. The online version is no different in terms of expectations for your involvement. This is an active online course that requires 3 hours of your time each week **in addition to** the time it takes you to read the required materials, watch the videos, and complete the assignments. That means that you need to plan to spend a minimum of **6 hours every week** (up to 9-10 hours a week) on activities related to this course. If you are worried about your preparedness, consider taking the [Online Readiness Survey](#) to help decide if an online course is right for you.

Technology Requirements

As a student in an online course, you are expected to have reliable internet access almost every day. If you have computing problems, it is your responsibility to address these or to use campus computing labs. Problems with your computer or other technology issues are not an excuse for delays in meeting expectations and missed deadlines for the course. If you have a problem, [get help in solving it immediately](#). At a minimum, you will need the following software/hardware to participate in this course:

1. Computer with an updated operating system (e.g. Windows, Mac, Linux)
2. Updated Internet browsers ([Apple Safari](#), [Internet Explorer](#), [Google Chrome](#), [Mozilla Firefox](#))
3. Ability to navigate Canvas (Learning Management System)
4. Minimum Processor Speed of 1 GHz or higher recommended.
5. DSL or Cable Internet connection or a connection speed no less than [6 Mbps](#).

6. Media player such as [VLC Media Player](#).
7. [Adobe Flash player \(free\)](#)
8. [Adobe Reader or alternative PDF reader \(free\)](#)

Technology problems are not the responsibility or specialty of the instructor. It is your responsibility to seek help from the above resources in order to complete your assignments on time.

If this is your first online course, it is recommended that you log into Canvas and complete the [Online Course Overview](#) listed in your Canvas course list. If you've already completed the orientation, you do not have to retake it but you can refer to it for helpful videos and tutorials about the technologies used in this course.

Grading Criteria

Grading Scale				
A = 940< A- = 900-939	B+ = 870-899 B = 840-869 B- = 800-839	C+ = 770-799 C = 740-769 C- = 700-739	D+ = 670-699 D = 640-669 D- = 600-639	F = <599

26 Homework
26 Quizzes
Midterm
Final

312 points total (12 points each)
312 points total (12 points each)
200 points total
200 points total

FAQ: *How do I know my grade?*

The total points possible in this course are 1024. You can calculate your grade by adding all the points you have on assignments and matching the number to the scale above. You can also monitor your homework, quiz, and exam grades on *Canvas*.

Letter Grades:

- *"Incomplete", "EX", "DL", "FN"*: Please note that I do not grant either of these grades except in very extreme medical cases and only at my own discretion. Moreover, you must have completed all assignments in the course with the exception of the fourth exam and have a passing grade to even be considered.
- *"S", "Audit", "W"*: These letter grades are between you and the registrar, I play no role in them. It is your responsibility to know the final dates to apply for these – please see the Academic Calendar.

FAQ: *Is there Extra Credit in this class?*

There is no guarantee that there will be any extra credit in this course. Remember that extra credit is a privilege, not a right. You should focus on doing your best on the work assigned in the course. If I see an opportunity for extra credit, I will provide the details. But please note: I want you to focus on the course assignments, so the extra credit will most likely be additional and more difficult material.

When to Expect Your Grades

The quizzes and exams are automated by the *Canvas* software so you should have immediate feedback on your work. For discussions and case studies, I aim to have grades back to you within a week of the due date. If there is a change in this information, I will let you know.

Checking Your Grades

Take charge of your education! Be an active learner and dedicate yourself to your success. Keep an eye on your grades on *Canvas* every week. If there is a discrepancy, e-mail me and put it in writing. Follow up *before* the end of the course. If there is a problem, don't wait 5 weeks to ask me about it. Follow up. Be sure to read the latest announcements on grading and opportunities for improvement.

Special Needs

UMSL is committed to providing its students access to education. Your academic success is important. If you have a documented disability that may have an impact upon your work in this class, please contact Disability Access Services (DAS) immediately. Students must provide documentation of their disability to the office of DAS in order to receive official university services and accommodations. The staff is available to answer questions regarding accommodations or assist you in your pursuit of accommodations. Information about your disability is confidential. Once DAS reviews your medical documentation, they will provide you with the information and steps to inform me about the accommodations to which you are entitled. Your accommodations will begin as soon as we discuss your approved accommodations. To contact DAS: 144 Millennium Student Center, (314) 516-6554, cramert@umsl.edu, and/or <http://www.umsl.edu/services/disability>

Homework

Course Objectives: This assignment meets course objectives 1-5 (please see page 1 for list).

Purpose: If the course material is the foundation to achieving the course objectives, the homework is the first step to help you learn the course material through application of the financial frameworks. The homework is also designed to prepare you for class and to succeed on the quizzes and exams.

Process: There are 3 steps that you will need to conduct:

1. Log on to our *Canvas* course page
2. Select the “Assignments” folder
3. Select and take the appropriate homework

Procedure: There are 26 homework assignments in this course, based on each chapter of the textbook you are required to read. These are the textbook chapters 1-26. Each homework has 12 questions, including multiple choice, worksheet, and excel simulations. Each question is worth 1 point for a total of 12 points per homework. You will have unlimited attempts and no time limit to complete the homework. All questions are randomized for each student and on each attempt. It is open book, notes, and internet. But you must work on the homework by yourself.

Due Dates: All the homework are due **Saturday, May 15th at 11:59pm**, the last day of the semester. Yes, that means you have until the last day of the semester to complete all the homework. You’re not imagining this. This is my attempt to give you the ultimate flexibility and low-pressure environment to practice with the material. But keep in mind, the homework is meant to prepare you for the quizzes and exams. If you leave them until the last minute, you are missing out on valuable practice that you get credit for. So time management here, set your schedule early on and stick to it.

Late Policy: The only due date is the last day of the semester, **Saturday, May 15th at 11:59pm**. But I strongly recommend that you **keep up every week** with the assigned homework. I have scheduled them to complement the course material and prepare you for the quizzes and exams. The decision is yours, but having to take 26 homework at the end of the course does not sound like very much fun. **Please note that the *Canvas* system will shut down the homework at the deadline so you will no longer be able to view or take them. If you wait until May 15th and have some kind of emergency, there will not be anything I can do to help you. So plan ahead.**

FAQ: What if I disagree with the answer? Let me know and we will talk about it. I cannot promise you your point back, but I will hear you out. Any inquiries need to be made before the end of the last day of the session on **Saturday, May 15th at 11:59pm**.

FAQ: What if my technology, internet, or power fails? Know your options. If there is a problem with *Canvas*, immediately contact the campus [Technology Support Center](#) and record your ticket number. On your end, try to keep this from happening by using a computer on campus or somewhere else you trust the connection and electricity. Plan ahead: complete your work at least a day before the due date so you have buffer time. If you wait to do your work until the night it is due and something happens, or you wait weeks to reach out to me on a problem – I reserve the right to do nothing.

Grading: Homework are graded by the *Canvas* system. Correct answers will receive a point, incorrect answers will not. There is no partial credit. If you have concerns, it is your responsibility to contact me within a week of when you took the homework and before the end of the semester.

Quizzes

Course Objectives: This assignment meets course goals 1-5 (please see page 2 for list).

Purpose: The quizzes are designed to help you practice applying the course material and get ready for the exams. Use the quizzes as a way to test your knowledge of the course material to be sure you are learning what you need to know for the exams.

Process: There are 3 steps that you will need to conduct:

4. Log on to our *Canvas* course page
5. Select the “Assignments” folder
6. Select and take the appropriate quiz

Procedure: There are 26 quizzes in this course. These quizzes include material from the assigned readings in the textbook chapters 1-26 so you will want to be well-versed on the assigned reading for each module. Each quiz has 12 multiple choice, true or false, and fill in the blank questions. Each question is worth 1 point for a total of 12 points per quiz. You will have three attempts and no time limit to complete each quiz. All questions are randomized for each student and on each attempt. It is open book, notes, and internet. But you must work on the quiz by yourself.

Late Policy: The only due date is the last day of the semester, **Saturday, May 15th at 11:59pm**. But I strongly recommend that you **keep up every week** with the assigned quiz. I have scheduled them to complement the course material and prepare you for the exams. The decision is yours, but having to take 26 quizzes at the end of the course does not sound like very much fun. **Please note that the *Canvas* system will shut down the quizzes at the deadline so you will no longer be able to view or take them. If you wait until May 15th and have some kind of emergency, there will not be anything I can do to help you. So plan ahead.**

FAQ: What if I disagree with the answer? Let me know and we will talk about it. I cannot promise you your point back, but I will hear you out. Any inquiries need to be made before the end of the last day of the session on **Saturday, May 15th at 11:59pm**.

FAQ: What if my technology, internet, or power fails? Know your options. If there is a problem with *Canvas*, immediately contact the campus [Technology Support Center](#) and record your ticket number. On your end, try to keep this from happening by using a computer on campus or somewhere else you trust the connection and electricity. Plan ahead: complete your work at least a day before the due date so you have buffer time. If you wait to do your work until the night it is due and something happens, or you wait weeks to reach out to me on a problem – I reserve the right to do nothing. Keep in mind that you have 3 attempts on the quizzes, so figure out how to do your best within those 3 attempts.

Grading: Quizzes are graded by the *Canvas* system. Correct answers will receive a point, incorrect answers will not. There is no partial credit. If you have concerns, it is your responsibility to contact me within 48 hours of when you took the quiz.

Exams

Course Objectives: This assignment meets course goals 1-5 (please see page 2 for list).

Purpose: Reading is one of the best ways to achieve knowledge. It is important that you read, reflect, and analyze the course material. It introduces the foundations of real estate so is thus important to achieve the course objectives. The module material and discussions have helped you learn the material while the quizzes helped you test your knowledge. The exams are designed for you to demonstrate and solidify your knowledge.

Process: There are 3 steps that you will need to conduct:

1. Log on to our *Canvas* course page
2. Select the "Assignments" folder
3. Select and take the appropriate exam

Procedure: There are two exams in this course, a midterm and a final. These exams include material from the modules and the assigned readings in the textbook chapters 1-26. If you have been doing the homework and quizzes, the exam questions will be familiar. You will have 120 minutes to take each exam. Expect 100 multiple choice, true or false, and fill in the blank questions for each exam, each question being worth 2 points. Each exam is 200 points. You will have 1 attempt for each exam. *Be sure you have checked your internet connection, computer for updates, and anything else that would keep you from completing your one attempt!* All questions are randomized for each student. It is open book, notes, and internet. But you must work on the exam by yourself. You can take the exam at any point up until the due date.

Midterm Exam: Covers Modules 1-3 – due Sunday, March 7th at 11:50pm

Final Exam: Covers Modules 4-7 – due Saturday, May 15th at 11:50pm

Late Policy: You get one attempt at the midterm and final exam and you have all semester to take them up until the due date. *Please note that the Canvas system will shut down the exams at the deadline so you will no longer be able to view or take them. If you wait until the due date and have some kind of emergency, there will not be anything I can do to help you. So plan ahead.*

FAQ: What if I disagree with the answer? Let me know and we will talk about it. I cannot promise you your point back, but I will hear you out. Any inquiries need to be made before the end of the last day of the session on **Saturday, May 15th at 11:59pm.**

FAQ: What if my technology, internet, or power fails? Know your options. If there is a problem with Canvas, immediately contact the campus [Technology Support Center](#) and record your ticket number. On your end, try to keep this from happening by using a computer on campus or somewhere else you trust the connection and electricity. Plan ahead: complete your work at least a day before the due date so you have buffer time. If you wait to do your work until the night it is due and something happens, or you wait weeks to reach out to me on a problem – I reserve the right to do nothing. Keep in mind that you have 1 attempt on the exams, so figure out how to do your best within the first attempt.

Grading: Exams are graded by the *Canvas* system. Correct answers will receive a point, incorrect answers will not. There is no partial credit. If you have concerns, it is your responsibility to contact me within 48 hours of when you took the exam.

Course Policies

Attendance Policies

- *Present* in class for online courses is determined by participation in an “academically related activity,” i.e. submission of an assignment, assessment or discussion forum posting. The last day of attendance is the last day a student is academically participating in the online course.
- Documentation that a student has logged into an online class is not sufficient by itself to demonstrate academic attendance.

Academic Integrity/Plagiarism

- You are responsible for being attentive to and observant of University policies about academic honesty as stated in the [University’s Campus Policies](#) and [Code of Student Conduct](#) found in the UMSL Bulletin
- Academic dishonesty is a serious offense that may lead to [probation, suspension, or dismissal from the University](#). One form of academic dishonesty is plagiarism – the use of an author's ideas, statements, or approaches without crediting the source. Academic dishonesty also includes such acts as cheating by using any unauthorized sources of information and providing or receiving unauthorized assistance on any form of academic work or engaging in any behavior specifically prohibited by the faculty member (e.g., copying someone else’s answers on tests and quizzes). Unauthorized possession or distribution of academic materials is another type of academic misconduct. It includes the unauthorized use, selling or purchasing of examinations or other academic work, using or stealing another student’s work, unauthorized entry or use of material in a computer file, and using information from or possessing exams that an instructor did not authorize for release to students. Falsification is any untruth, either verbal or written, in one’s academic work. Facilitation is knowingly assisting another to commit an act of academic misconduct. **Plagiarism, cheating, and falsification are not acceptable.**
- All instances of academic dishonesty will be reported to the Office of Academic Affairs who will determine whether you will appear before the Student Conduct Committee for possible administrative sanctions such as dismissal from the university. The instructor will make an academic judgment about the student’s grade on that work in this course. The campus process regarding academic dishonesty is [described in the “Policies” section of the Academic Affairs website](#)

Title IX Policies

Mandatory Reporting: Under Title IX, all UMSL faculty, staff, and administrators (with limited exception) are obligated to report any incidents of sexual harassment, sexual misconduct, sexual assault, or gender discrimination to the Student Affairs office and/or other University officials. This ensures that all parties are protected from further abuses and that victim(s) are supported by trained counselors and professionals. Note: There are several offices at UMSL (e.g., Counseling Services, Health Services, Community Psychological Service, Center for Trauma Recovery, and Student Social Services) whose staff are exempt from Title IX mandated reporting, when the information is learned in the course of a confidential communication.

Student Resources

Access, Disability and Communication

Your academic success is important. If you have a documented disability that may have an impact upon your work in this class, please contact Disability Access Services (DAS) immediately. Students must provide documentation of their disability to the office of Disability Access Services in order to receive official University services and accommodations. The staff is available to answer questions regarding accommodations or assist you in your pursuit of accommodations. Information about your disability is confidential. Once DAS reviews your medical documentation, they will provide you with the information and steps to inform me about the accommodations to which you are entitled. Your accommodations will begin as soon as we discuss your approved accommodations.

- 144 Millennium Student Center (MSC)
- Phone: (314) 516-6554
- [Email: Tara Cramer, cramert@umsl.edu](mailto:cramert@umsl.edu)
- [Website: http://www.umsl.edu/services/disability/](http://www.umsl.edu/services/disability/)

Office of International Students and Scholar Services

If you have difficulty communicating in English with the instructor of this course, contact ISS.

- 362 Social Sciences & Business Building (SSB)
- Phone: (314) 516-5229
- [Email: iss@umsl.edu](mailto:iss@umsl.edu)
- [Website: http://www.umsl.edu/~intelstu/contact.html](http://www.umsl.edu/~intelstu/contact.html)

Student Enrichment and Achievement

SEA provides comprehensive support and intervention strategies that support your road to graduation!

- 107 Lucas Hall
- Phone: (314) 516-5300
- [Email: umslsea@umsl.edu](mailto:umslsea@umsl.edu)
- [Website: https://www.umsl.edu/services/sea/](https://www.umsl.edu/services/sea/)

Office of Multicultural Student Services (MSS) and the University Tutoring Center (UTC)

MSS provides comprehensive student retention services to diverse student populations; through their tutoring center, the MSS offers comprehensive tutoring services free to students at UMSL.

- 225 Millennium Student Center (MSC)
- Phone: (314) 516-6807
- [Email: multicultural@umsl.edu](mailto:multicultural@umsl.edu)
- [Website: https://www.umsl.edu/~mcraa/index.html](https://www.umsl.edu/~mcraa/index.html)

Technical Support

Online Mentor Program

Online education requires different teaching, learning, and technology skills than those found in traditional face-to-face classes. We assist students with the online technology in Canvas and provide resources for studying and success in online classes.

- 598 Lucas Hall
- Phone: (314) 516-4211

- [Email: onlinementor@umsl.edu](mailto:onlinementor@umsl.edu)
- [Website: http://www.umsl.edu/services/ctl/studentsupport/omp.html](http://www.umsl.edu/services/ctl/studentsupport/omp.html)

Canvas

If you have problems logging into your online course, or an issue within the course site, please contact the **Technology Support Center**:

- Phone: (314) 516-6034
- [Email: helpdesk@umsl.edu](mailto:helpdesk@umsl.edu)
- [Website : http://www.umsl.edu/technology/tsc/](http://www.umsl.edu/technology/tsc/)

If you are having difficulty with a technology tool in Canvas, consider visiting the [Canvas Student Guides](#), which has overviews of each tool and tutorials on how to use them.

If you continue to experience problems or just have questions, you can also contact the **Learning Resource Lab**:

- Phone: (314) 516-6704
- [Email: lrl@umsl.edu](mailto:lrl@umsl.edu)
- [Website: http://www.umsl.edu/technology/lrl/](http://www.umsl.edu/technology/lrl/)

Academic Support

Math Academic Center (Math Lab)

The Math Academic Center offers free individual assistance on a walk-in basis to students needing help with any mathematics from basic math through calculus or any course involving mathematical skills.

- 222 Social Sciences and Business Building (SSB)
- [Website: http://www.umsl.edu/mathcs/math-academic-center/](http://www.umsl.edu/mathcs/math-academic-center/)

Course Outline

Start Here Module: January 19th - 24th (1 week)

To-Do List:

- Read the Syllabus on Canvas
- Get access to the textbook, either electronic or hardcopy
- Go through the Start Here module on Canvas

Module #1: January 25th – February 7th (2 weeks)

Readings:

- Textbook Chapter 1: Introduction
- Textbook Chapter 2: Futures Markets and Central Counterparties
- Textbook Chapter 3: Hedging Strategies using Futures
- Textbook Chapter 4: Interest Rates

Assignment To-Do List:

- Homework 1-4
- Quizzes 1-4

Module #2: February 8th – 21st (2 weeks)

Readings:

- Textbook Chapter 5: Determination of Forward and Futures Rates
- Textbook Chapter 6: Interest Rate Futures
- Textbook Chapter 7: Swaps
- Textbook Chapter 8: Securitization and the Crisis of 2007

Assignment To-Do List:

- Homework 5-8
- Quizzes 5-8

Module #3: February 22nd – March 7th (2 weeks)

Readings:

- Textbook Chapter 9: XVAs
- Textbook Chapter 10: Mechanics of Options Markets
- Textbook Chapter 11: Properties of Stock Options
- Textbook Chapter 12: Trading Strategies Involving Options

Assignment To-Do List:

- Homework 9-12
- Quizzes 9-12
- DUE Sunday (March 7th) at 11:59pm: Midterm Exam

Module #4: March 8th – 21st (2 weeks)

Readings:

- Textbook Chapter 13: Binomial Trees
- Textbook Chapter 14: Wiener Processes and Itô's Lemma
- Textbook Chapter 15: The Black-Scholes-Merton Model
- Textbook Chapter 16: Employee Stock Options

Assignment To-Do List:

- Homework 13-16
- Quizzes 13-16

Module #5: March 22nd – April 11th (2 weeks with Spring Recess in between)

Readings:

- Textbook Chapter 17: Options on Stock Indices and Currencies
- Textbook Chapter 18: Future Options and Black's Model
- Textbook Chapter 19: The Greek Letters
- Textbook Chapter 20: Volatility Smiles

Assignment To-Do List:

- **Homework 17-20**
- **Quizzes 17-20**

Module #6: April 12th – 25th (2 weeks)

Readings:

- Textbook Chapter 21: Basic Numerical Procedures
- Textbook Chapter 22: Value at Risk and Expected Shortfall
- Textbook Chapter 23: Estimating Volatilities and Correlations
- Textbook Chapter 24: Credit Risk

Assignment To-Do List:

- **Homework 21-24**
- **Quizzes 21-24**

Module #7: April 26th – May 9th (2 weeks)

Readings:

- Textbook Chapter 25: Credit Derivatives
- Textbook Chapter 26: Exotic Options

Assignment To-Do List:

- **Homework 25-26**
- **Quizzes 25-26**

Module #8: May 10th – May 15th (1 week)

DUE Saturday (May 15th) at 11:59pm:

- **All Homework 1-26**
- **All Quizzes 1-26**
- **Final Exam**

~No Grace Period, No Exceptions! ~