

**Commerce 3FB3
Securities Analysis
Fall 2023 Course Outline**

**Finance and Business Economics Area
DeGroot School of Business
McMaster University**

INSTRUCTORS AND CONTACT INFORMATION

Section C01: Wednesday 11:30 – 14:20
Section C02: Monday 14:30 – 17:20
Section C03: Monday 11:30 – 14:20
Section C04: Thursday 14:30 – 17:20
Section C05: Tuesday 14:30 – 17:20
Section C06: Friday 11:30 – 14:20

Instructors

1st half

Prof. Trevor Chamberlain
Office: DSB 304
Office Hours: By appointment.
E-mail: chambert@mcmaster.ca

2nd half

Prof. Narat Charupat
Office: DSB 314
Office Hours: To be announced.
E-mail: charupat@mcmaster.ca

Teaching Assistants

Wei-Ju Liao (term): liaow7@mcmaster.ca; **Julie Dong** (1st half): dongz35@mcmaster.ca
Parastoo Ostad (2nd half): ostads@mcmaster.ca

Course website: Please visit Avenue to Learn at <http://avenue.mcmaster.ca>

COURSE ELEMENTS

Credit:	3 units	Leadership:	No	IT skills:	No	Global view:	Yes
A2L:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	No	Innovation:	Yes	Group work:	No	Oral skills:	No
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

COURSE INFORMATION

Lectures: 3 hours per week

Tutorials: To be announced

Course Delivery Mode: In-person. However, in certain situations (e.g., a resurgence of Covid causing health risks), it may be necessary to switch to an on-line format. In that case, we will be using Zoom. The link will be subsequently provided.

Course Description: This course is concerned with the analysis of marketable securities, especially common stocks. Topics include: the institutional characteristics and operation of financial markets, securities analysis and valuation, investment characteristics and strategies to increase return.

COURSE LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Have a sound understanding of financial markets and instruments.
- Have a basic familiarity with portfolio theory.
- Be able to conduct basic portfolio analysis and assessment.
- Have a good understanding of basic valuation techniques and be able to use them to make investment decisions.

COURSE LEARNING GOALS

The goal of this course is to introduce students to the fundamental elements of security analysis, including financial markets and instruments, investment theory and the valuation of common equity. By the end of the course, students should be able to apply the tools learned in this class to make informed investment decisions and manage portfolios of common stocks and related securities.

REQUIRED MATERIALS AND TEXTS

Avenue registration for course content, reading materials and slides:

- <http://avenue.mcmaster.ca>

Textbook: Investments, 10th Canadian Edition, by Z. Bodie, A. Kane, A.J. Marcus, L.N. Switzer, M. Stapleton, D. Boyko, and C. Panasian; McGraw-Hill Ryerson, 2022.

COURSE EVALUATION

You will be evaluated based on four components according to the following weights:

Components and Weights

Four assignments (see Notes 1,3)	20%
Midterm Exam (see Notes 2,4)	40%
Final Exam (See Notes 2,4)	40%
Total	100%

Notes:

- 1) There are four assignments throughout the term – two on each side of the midterm exam. The assignments are to be submitted electronically through the assignment portal on the course's Avenue page. Students will have almost one week to do each assignment. The weight for missed assignments will **not** be added to other components of the course. In other words, students are advised to save the MSAF option for other purposes.
- 2) The date and time for the midterm exam are as follows: **Friday, October 27, 2023, at 6:30 pm**. The location will be announced on Avenue before the exam. The exam will cover the Weeks 1- 5 and Week 7 material. The final exam will be scheduled by the Registrar Office during the final exam period. The final exam will cover the Weeks 8 to 13 material. Both the midterm exam and the final exam will be designed to reward your understanding *and* thinking.
- 3) The availability and due dates for the assignments appear on the weekly course schedule below. The assignments should be uploaded on Avenue; do **not** e-mail them to the instructors or teaching assistants.
- 4) The McMaster Standard Calculator is the **only** calculator permitted at the mid-term and final exams.

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

COMMUNICATION AND FEEDBACK

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants.

In keeping with the University's academic regulations, all students who complete the required assignments and midterm will have received feedback for at least 10% of the final grade prior to the final date by which a student may cancel the course without failure by default.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar "[Requests for Relief for Missed Academic Term Work](#)" and the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

POTENTIAL MODIFICATION TO THE COURSE

From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

GENERATIVE AI

Students are not permitted to use generative AI in this course. In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g., the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the University. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates three forms of academic dishonesty:

- plagiarism, e.g., the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

ONLINE COURSE COMPONENT

In this course, we may use various on-line tools such as Zoom/MS Teams, Avenue to Learn and e-mail communications. Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, usernames for McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g., use of Avenue to Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University’s [Academic Accommodation of Students with Disabilities](#) policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by university instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, Avenue to Learn and/or McMaster email.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 3FB3 is an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

WEEK	WEEK BEGINNING (WEEKS BEGIN ON TUESDAYS)	TOPICS* AND ACTIVITIES
1	Sept. 5	Investment Environment: Chapter 1. Financial Markets and Instruments: Chapter 2.
2	Sept. 12	Securities Trading: Chapter 3 (including Appendix 3A). Mutual Funds: Chapter 4.
3	Sept. 19	Hedge Funds: Chapter 26. Risk and Return: Chapter 5. Tutorial: Problem solving. (Assignment #1 posted on Avenue on September 19).
4	Sept. 26	Capital Allocation: Chapter 6 (including Appendices 6A and 6B). Mean-Variance Diversification: Chapter 7 (including Appendix 7B). Tutorial: Problem solving. (Assignment #1 due September 26 at 5:00 pm).
5	Oct. 3	Capital Asset Pricing Model: Chapter 9. Market Efficiency: Chapter 11. Tutorial: Problem solving. (Assignment #2 posted on Avenue on October 03).
6	Oct. 10	Reading Week – No Classes
7	Oct. 17	Behavioural Finance and Technical Analysis: Chapter 12. Tutorial: Midterm review. (Assignment #2 due October 17 at 5:00 pm).
8	Oct. 24	Interest rate fundamentals; Term structure of interest rates; Spot and forward interest rates: Chapter 15 (Midterm: Friday, October 27 at 6:30 pm).
9	Oct. 31	Bond pricing and yields; Duration; Convexity: Chapter 14 Tutorial: Interest rates
10	Nov. 7	Managing bond portfolios: Chapter 16 Tutorial: Bond pricing

11	Nov. 14	Derivatives – Forward and futures contracts: Chapters 22 (Assignment #3 posted on Avenue on November 14).
12	Nov. 21	Derivatives – Options: Chapter 21 Tutorial: Forward, futures (Assignment #3 due November 21 at 5:00 pm).
13	Nov. 28	Risk management using derivatives; Chapter 23 Tutorial: Options (Assignment #4 posted on Avenue on November 28 and due on December 5 at 5:00 pm).

*Chapter numbers refer to Bodie et al, 10th Canadian Edition.