

**Commerce 3FB3
Securities Analysis
Winter 2024 Course Outline**

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

INSTRUCTOR AND CONTACT INFORMATION

**Section: C01
Wed 2:30 PM – 5:20 PM**

Zijun (Priscilla) Ding
Instructor
dingz11@mcmaster.ca
Office Hours: TBA

Parastoo (Paris) Ostad
Course TA
ostads@mcmaster.ca
Office Hours: TBA

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

COURSE ELEMENTS

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

COURSE INFORMATION

Lectures: 3 hours per week

Tutorials: N/A

Course Delivery Mode: In-person

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.

https://campusstore.mcmaster.ca/cgi-mcm/ws/txsub.pl?wsTERMG1=241&wsTERMDESC1=Winter+2024&wsDEPTG1=COMMERCE&wsDEPTDESC1=COMMERCE+-+Commerce&wsCOURSEG1=3FB3&wsSECTIONG1=DAY+C01&programG1=McMaster+Undergrad+and+Graduate&crit_cnt=1

Calculator:

The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

COURSE EVALUATION

GRADE COMPONENT	WEIGHT	DESCRIPTION
Participation	10%	8%: Attendance & Contributions in Class 2%: Course Evaluations
Assignments	2 x 10%	Multiple-Choice and/or Numerical Questions (Groups of up to 3)
Tests	2 x 25%	Multiple-Choice Questions
Trading Simulation	20%	15%: Report - Performance Evaluation & Lessons Learned 5%: Group Presentation (Groups of up to 5)
Total	100%	

COURSE DELIVERABLES

Assignments

There are **two** assignments, each of which is worth **10%** of the total grade. The assignments are made up of multiple-choice and/or numerical questions that must be completed and submitted **via A2L**. Students will be given one week to complete and submit the assignment. The assignments could be done individually or in groups of up to 3 members.

Tests

There are **two** tests, each of which is worth **25%** of the total grade, and they are non-cumulative. Tests are to be completed individually. It is a timed exam, consisting of multiple-choice questions.

Trading Simulation

Trading begins on Monday, January 22 and continues until Friday, March 22. You may form groups of up to 5 members. The report is worth **15%** of the total grade: the performance of your portfolio is worth 10% (the details of performance evaluation will be provided in a separate document), and the professionalism of the report is worth the other 5%. Groups need to submit a 1-page proposal to outline your trading strategy by Week 4 and a 5-page report by Week 13. The performance of your group presentation is based on the peer evaluation from your classmates (**5%**).

Participation

Class attendance and contributions: name tags are used to help give credit for your participation. You need to have a name tag or log in (when classes are online), with your **full first and last name** clearly written and displayed for every class. This course may use Top Hat for participation.

Course evaluations: you are encouraged to provide feedback to your instructor in the middle and at the end of the term. This part of participation marks is based on the number of evaluations received. If a reasonable percentage of students have completed the course evaluations, the entire class will get full marks for this component. The midterm student feedback may be collected online via Avenue; the final course evaluation will be conducted through the university.

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.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

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/>

COURSE MODIFICATION

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 only 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.

AUTHENTICITY/PLAGIARISM DETECTION

In this course, we may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. Students may be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. Avenue to Learn, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software. **All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

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, user names for the 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 of 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 2 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 will be considered to be 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

**Commerce 3FB3
Securities Analysis
Winter 2024 Course Schedule**

WEEK	DATE	ASSIGNMENT
1	Jan 10	Course Overview and Introduction: Chapter 2
2	Jan 17	Securities Trading: Chapter 3 Mutual Funds: Chapter 4
3	Jan 24	Term Structure of Interest Rate: Chapter 15 Bond Pricing and Yields: Chapter 14
4	Jan 31	Managing Bond Portfolios: Chapter 16 Informal Course Evaluation One-Page Trading Strategy Proposal Due
5	Feb 7	Fundamental Analysis I (Macroeconomy and Industry Analysis): Chapter 17 Test 1 Review Assignment #1 Due
6	Feb 14	In - Class Test 1 (Material Covered in Week 1-5 Inclusive)
7	Feb 21	<i>Winter Recess (No Class)</i>
8	Feb 28	Fundamental Analysis II (Equity Valuation Models): Chapter 18
9	Mar 6	Derivatives – Forward and Futures Contracts: Chapters 22
10	Mar 13	Derivatives – Options: Chapter 21
11	Mar 20	Portfolio Performance Evaluation: Chapter 24 Test 2 Review Assignment #2 Due

12	Mar 27	In - Class Test 2 (Material Covered in Week 8 - 11 Inclusive)
13	Apr 3	Group Presentation Report and Presentation Slides Due
14	Apr 10	Group Presentation