

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

**Finance & Economics
DeGroot School of Business
McMaster University**

INSTRUCTOR AND CONTACT INFORMATION

C02: Wed 1130 – 1420
Alicia Damley, CFA, CPA, CA
 Instructor
damleya@mcmaster.ca
 Office: TBA
 Office Hours: by appointment
 Class Location: TBA

Oluwakorede (Korede) Ologun
 TA
ologuno@mcmaster.ca
 Office: TBA
 Office Hours: TBA
 Tel: TBA

Course website: Avenue 2 Learn

We are here to help you succeed!

Both our course TA and I are here to help you navigate this course successfully!

Outside of class, it is easiest to connect via email. We can address a question quickly via email or setup a time to speak directly. I endeavor to respond to emails within 48 hours. For our mutual benefit and protection, please send all emails from your Mac id. If I have not responded to your inquiry within 48 hours, please re-send it in case it has been lost between our in-boxes or I have missed it!

COURSE ELEMENTS

| | | | |
|---------------------|-------------------|-----------------|-----------------------|
| Credit Value: 3 | Leadership: Yes | IT skills: Yes | 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: Yes | Final Exam: No | Guest speaker(s): TBA |

COURSE INFORMATION

Lectures: 3 hrs

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.

IMPORTANT LINKS

- [Mosaic](#)
- [Avenue to Learn](#)
- [Student Accessibility Services - Accommodations](#)
- [McMaster University Library](#)

COURSE LEARNING OUTCOMES

Upon successful 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

Required:

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.

Textbook Listing:

https://campusstore.mcmaster.ca/cgi-mcm/ws/txsub.pl?wsTERMG1=244&wsDEPTG1=COMMERCE&wsCOURSEG1=3FB3&wsSECTIONG1=DAY%20C02&crit_cnt=1

CLASS FORMAT

This is an in-person 3-hour course. The three hours will consist of lectures, related discussion, and consideration of applicable market examples of the concepts covered. A short break at a convenient point in the discussion will be taken to meet personal needs.

COURSE EVALUATION

Learning in this course results primarily from in-class discussion as well as out-of-class analysis. The balance of the learning results from the lectures on strategic concepts, simulation decisions and projects. Work will be evaluated on an individual and group basis as shown below. For group work, all group members will share the same grade. Your final grade will be calculated as follows:

Components and Weights

| | | |
|--------------------------------|-----------------------------------|-------------|
| Investment Challenge | See separate document for details | 25% |
| In-class exam | Details to be provided in class | 45% |
| Equity Research Project | Details to be provided in class | 30% |
| Total | | 100% |

NOTE: 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 DELIVERABLES

Students are strongly encouraged to explore the data and trading related resources available in-person and/or virtually in the DSB's Allen H. Gould Trading Floor. <https://trading.degrootemcmaster.ca/gtf/>

Investment Challenge

This project should be completed in groups of up to 5 students. The due dates for the assignment are found in the Course Schedule. Details to be provided on Avenue.

In-class Exam

The in-class mid-term exam can include multiple choice and/or written answers. Additional details will be provided in class.

Equity Research Project

The company project should be completed in groups of up to 5 students. Details are provided in a separate document on Avenue.

LATE ASSIGNMENTS

Due dates are clearly indicated in the course schedule. Please plan accordingly. Please also review the University's policy on requesting relief for missed academic work below.

Otherwise, a late assignment will attract a 15% penalty for each 24 hours after the due date. Assignments handed-in three (3) or more days late without a pre-determined arrangement will be awarded a mark of zero.

The weight of a missed assignment cannot be added to other portions of the grade. Please plan use of an MSAF for assignments accordingly.

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.

All students must receive feedback regarding their progress 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.

Students who have concerns about the course content, evaluation methods, or delivery should first reach out to the course instructor. If your concern remains unresolved after speaking with the instructor, you may then reach out to the relevant Area Chair for further consideration.

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/>

* Non-Commerce students must follow the Missed Course Work protocols outlined by their home faculty and Program Office.

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 may freely use generative AI in this course so long as the use of generative AI is referenced and cited following citation instructions given in the syllabus. Use of generative AI outside assessment guidelines or without citation will constitute academic dishonesty. It is the student's responsibility to be clear on the expectations for citation and reference and to do so appropriately.

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

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will 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

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn, LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). 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.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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
Fall 2024 Course Schedule**

| WEEK | DATE | ASSIGNMENT | CHAPTER(S) |
|------|---------|---|------------|
| 1 | Sep 4 | Class Outline, Schedule, Participation, Courseware, Groups Lecture: Investment Environment, Financial Markets | 1, 2 |
| 2 | Sep 11 | Lecture: Securities Trading (incl App 3A), Mutual Funds | 3, 4 |
| 3 | Sep 18 | Lecture: Hedge Funds, Risk & Return | 26, 5 |
| 4 | Sep 21* | <i>Virtual lecture – see Avenue for Zoom details</i> Lecture: Capital Allocation (incl App 6A & B), Mean-Variance Diversification (incl App 7B) Complete setup of Investment Challenge | 6, 7 |
| 5 | Oct 5* | <i>Virtual lecture – see avenue for Zoom details</i> Lecture: Capital Asset Pricing Model, Market Efficiency Investment Challenge – Investment Strategy Due Oct 5 @230pm via A2L | 9, 11 |
| 6 | Oct 16 | Mid-term recess (no lecture) | |
| 7 | Oct 23 | Lecture: Behavioral Finance and Technical Analysis Equity Research Project – Industry Analysis Due Oct 23 @1130am via A2L | 12 |
| 8 | Oct 26* | <i>Virtual lecture: see Avenue for Zoom details</i> Lecture: Interest rate fundamentals | 15 |
| 9 | Oct 30 | Lecture: Bonds | 14 |
| 10 | Nov 6 | Lecture: Managing Bond Portfolios | 16 |
| 11 | Nov 13 | Lecture: Derivatives | 21, 22 |
| 12 | Nov 20 | Lecture: Risk Management using Derivatives Equity Research Project – Company Report Due Nov 27 @1130am via A2L | 23 |
| 13 | Nov 27 | Mid-Term Exam: in-class | |
| 14 | Dec 4 | Investment Challenge Review report Due Dec 4 @1130am via A2L | |