

**Commerce 3FB3
Security Analysis
Winter 2025 Course Outline**

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

INSTRUCTOR AND CONTACT INFORMATION

Section C02: Friday

8:30 – 11:20

Michael Hatcher

Instructor

hatchm1@mcmaster.ca

Office Hours: after class or by
appointment

Tel: (416) 356-3980

Class Location: TBD

Student TA

Yasi Hashemisanjani

hashemiy@mcmaster.ca

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

COURSE ELEMENTS

Credit Value: 3	Leadership: No	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: Yes	Guest speaker(s): No

COURSE INFORMATION

Lectures: 3 hours per week

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 completion of this course, students should:

- have a good understanding of various financial assets;
- have a good understanding of the functioning of security markets;
- have a good understanding of the key concepts of portfolio theory;

COURSE LEARNING GOALS

Upon completion of this course, students should:

- be able to define a high quality business;
- be able to identify and analyze key components of financial statements;
- be able to write a high quality equity research report;

REQUIRED MATERIALS AND TEXTS

Avenue registration for course content, readings and case materials
<http://avenue.mcmaster.ca>

\$ FREE

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

\$159.95 CAD
eBook \$74.95

COURSE EVALUATION

Learning in this course results primarily from in-class lectures on the key concepts of portfolio theory and equity research. The final exam will be weighted toward the key concepts of portfolio theory while students will get hands on experience writing a quality equity research report. Students will participate and be evaluated on their ability to communicate their investment ideas in a simulated equity research meeting. Class attendance and participation will also be an important component of your overall evaluation. Your final grade will be calculated as follows:

Components and Weights

Assignment 1	Group (Max 5 members)	5%
Assignment 2	Group (Max 5 members)	5%
Assignment 3	Group (Max 5 members)	10%
Assignment 4	Group (Max 5 members)	10%
Presentation	Simulated Research Meeting	20%
Final Exam	Individual	40%
Participation	In-class attendance and contribution	10%
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

Members of the same team are assumed to receive the same grade. Team members need to ensure that each of you pulls your weight. The instructor reserves the right to lower the grade of any student if it becomes apparent that they are not doing their share of the work (usually due to formal complaints made by their teammates).

COURSE DELIVERABLES

Assignment #1 – Mission Critical Components to Valuing a Business.

Due Friday January 24th. Prior to the start of class.

This assignment is worth **5%** of your final grade.

Assignment #2 – Reading Annual Reports and gathering information.

Due Friday February 7th. Prior to the start of class.

This assignment is worth **5%** of your final grade.

Assignment #3 – Framing your analysis and the business.

Due Friday February 28th. To be submitted on A2L prior to the start of class.

This assignment is worth **10%** of your final grade.

Assignment #4 – Evaluation of Economics, Management, Valuation and Quality Score. Focus on mission critical components to your investment thesis and areas of risk.

Due Friday March 14th. To be submitted on A2L prior to the start of class.

This assignment is worth **10%** of your final grade.

Equity Research Presentation – Bring all of your analysis and valuation together with an investment recommendation. Groups will present their investment idea and investment recommendation to the class. Debate will focus on making the right investment choice, not ‘winning’ an argument.

Due Wednesday, March 28th.

The presentation and debate is worth **20%** of your final grade.

Participation

Name cards and class pictures are used to help give credit for your participation. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class.

Participation is worth **10%** of your final grade.

Final Exam

The exam will be cumulative covering readings on securities, portfolio theory and equity research.

The exam is worth **40%** of your final grade.

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.

- For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.
- For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

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 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

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 Business Economics and Finance Area Winter 2025 Course Schedule

WEEK	DATE	BKMPR CHAPTER OR TOPIC
1	Fri. Jan 10	Chapters 2 & 3
2	Fri. Jan 17	Chapter 17 – Macroeconomic and Industry Analysis
3	Fri. Jan 24	Chapter 18 – Equity Valuation Models
4	Fri. Jan 31	What is Risk? – Assigned articles
5	Fri. Feb 7	Chapter 14 – Bond Prices and Yields

6	Fri. Feb 14	Writing an equity research report and Competitive Advantage
7	Fri. Feb 28	Chapters 11 and 12
8	Fri. March 7	Chapters 5 and 6
9	Fri. March 14	Chapters 7 and 8
10	Fri. March 21	Chapters 9 and 10
11	Fri. March 28	Presentations and Debate
12	Fri. April 4	Presentations and Debate
13	Fri. April 11	Exam Review