

**Commerce 3FB3  
Security Analysis – C01  
Spring 2025 Course Outline**

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

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***COURSE OBJECTIVE***

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This course aims to introduce the prominent facts of security markets, the fundamental theories of modern finance, and the necessary investment analysis tools. By the end of the course, students will obtain a broad range of knowledge related to equities, bonds, and derivatives. The ability to apply and interpret security valuation and pricing models will be particularly emphasized.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**Monday and Wednesday 18:30 – 21:30    Class Location: TBA**

**Instructor: Hamidreza Masoumi**

masoumih@mcmaster.ca

Office Hours: Tuesday 16-17

Office Hours Location: Online

**Student TA: Ruohan Jin**

jinr18@mcmaster.ca

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***COURSE ELEMENTS***

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

### ***COURSE DESCRIPTION***

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This course is taught predominantly in person. Students will gain a better understanding of both the theory and practice of investment analysis and security selection. We will talk about the investment environment and financial markets. We will study how to evaluate securities and learn about investment management and performance assessment. An experiential component involving portfolio investment under realistic conditions is included as a group assignment.

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### ***LEARNING OUTCOMES***

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

- Possess a good understanding of financial markets and instruments
  - Be able to assess the risks associated with various investment strategies
  - Be familiar with basic portfolio theory and able to conduct security and portfolio analysis
  - Understand the various explanations for differences in average returns among assets
  - Understand basic valuation techniques and how to use them to make investment decisions
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### ***COURSE MATERIALS AND READINGS***

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#### **Required Textbook:**

Investments: Edition 10ce

by Z. Bodie, A. Kane, A.J. Marcus, L.N. Switzer, D. Boyko, C. Panasian, M. Stapleton; McGraw-Hill Ryerson, 2022.

**Regular Price::** \$107.95

- All other course materials are available on Avenue to Learn  
<http://avenue.mcmaster.ca>

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**EVALUATION**

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Learning evaluation is based on a combination of exams and assignments. Students are expected to come to class on time and be prepared for the class, i.e., to have read and completed the assigned readings and assignments. A student's performance will be calculated as follows:

**Components and Weights**

<b>Assignment One</b>	In-Person	20%
<b>Mid-Term Exam</b>	In-Person	30%
<b>Final Exam</b>	In-Person (Cumulative)	30%
<b>Assignment Two</b>	In-Person	20%
<b>Total</b>		<b>100%</b>

NOTE: 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](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

**Grade Conversion**

At the end of the course, a student's 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
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## **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. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

## **Course Deliverables**

### **Assignments**

There will be two individual assignments, each contributing to your final grade. Students are expected to complete these assignments independently. While discussions about general concepts are encouraged, sharing answers or collaborating on solutions is strictly prohibited and will be treated as academic misconduct.

### **Mid-Term Exam**

The exam is closed book and will be completed individually in person. The students should follow the university's rules for academic integrity, and any academic misconduct will not be tolerated. The mid-term exam will cover all the materials delivered before it. The primary reference material is the lecture notes, and the textbook is a helpful supplementary reference. One-page self-made formula sheet is allowed to be used. If the exam were missed, the weight of the mid-term would be transferred to the final exam, in which case the final will be worth 60%, and no make-up exam will be offered.

### **Final Exam**

The final exam will be comprehensive, while the materials after the midterm will carry higher weights. The references and requirements are similar to those of the Mid-Term Exam.

## ***ACADEMIC INTEGRITY***

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You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. The academic credentials you earn are rooted in honesty and academic integrity principles.

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 behavior can result in serious consequences, e.g., zero grade 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.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty, please refer to the *Academic Integrity Policy*, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g., the submission of work that is not one’s own or for which other credits has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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In this course, we will be using a web-based service (Turnitin.com) to reveal the authenticity and ownership of student-submitted work. Students will be expected to submit their work electronically either directly to Turnitin.com or via Avenue to Learn (A2L) plagiarism detection (a service supported by Turnitin.com), so they can be checked for academic dishonesty. Students who do not wish to submit their work through A2L and/or Turnitin.com must still submit an electronic and/or hard copy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com or A2L. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., online search, other software, etc.). To see the Turnitin.com Policy, please go to:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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## ***COURSES WITH AN ONLINE ELEMENT***

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This course uses online elements (Avenue to Learn). Students should be aware that when they access Avenue to Learn, private information such as first and last names, usernames for the McMaster email accounts, and program affiliation may become apparent to all students in the same course.

Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor

degroote.mcmaster.ca

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## ***ONLINE PROCTORING***

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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.

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## ***REQUESTING RELIEF FOR MISSED ACADEMIC WORK***

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Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroote website at the link below:

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

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

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## ***STUDENT ACCESSIBILITY SERVICES***

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Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail: [sas@mcmaster.ca](mailto:sas@mcmaster.ca).

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities: <http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

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

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be accommodated and the courses which will be impacted, to their Faculty Office normally within ten days of the beginning of the term 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.

### ***POTENTIAL MODIFICATION TO THE COURSE***

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The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with an explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

### ***COPYRIGHT AND RECORDING***

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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 voices 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***

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labor disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L, and/or McMaster email

### ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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

A lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. You are responsible for asking for clarification on any policies you do not understand.

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***COURSE SCHEDULE***

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Week	Dates	Topics & Readings
1	May 5 & 7	Financial Markets and Institutions (Ch. 1, 2) Financial Instruments and Trading (Ch. 3, 4)
2	May 12 & 14	Risk and Return (Ch. 5) Risk and Portfolio Decisions (Ch. 6)
3	May 19 & 21	Risk and Portfolio Decisions (cont.) (Ch. 7) Index Models (Ch. 8)
4	May 26 & 28	Midterm Exam (May 27, In-Class) Arbitrage Pricing (Ch. 10)
5	June 2 & 4	Market Efficiency & Behavioral Finance (Ch. 11, 12) Bond Pricing & Security Analysis (Ch. 14, 15, 16–18 optional)
6	June 9 & 11	Portfolio Analysis (Ch. 24, 26, 27 optional) Review & Case Discussions
7	June 16 & 18	Final Review and Q&A Course wrap-up / Assignment Support