

**Commerce 2FA3
Introduction to Finance
Fall 2025 Course Outline**

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

INSTRUCTOR AND CONTACT INFORMATION

Wednesday, C01: 14:30 – 16:20, C02: 10:30 – 12:20, C03: 16:30 – 18:20

Dr. Yingnan Zhao

Instructor

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Office: DSB 411

Office Hours: Thursdays, 4:00 p.m. – 5:00 p.m.

Class Location: Please see Mosaic for the information.

Tutorials: T01: Thu 13:30 – 14:20, T02: Wed 12:30 – 13:20, T03: Thu 09:30 – 10:20

Student TAs: Please see the Course Information module on A2L for details.

Course website: <http://avenue.mcmaster.ca>

COURSE ELEMENTS

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

COURSE INFORMATION

Lectures: 2hr x1/wk

Tutorials: 1hr/wk. Tutorials are an integral part of the course, where TAs cover additional material and exercises that complement the lectures and support exam preparation.

Course Delivery Mode: In person. No recordings of lectures or tutorials will be provided.

Course Description: This course introduces the main instruments and institutions in the Canadian financial system. The basic concepts and models of modern financial theory are introduced through lectures and “hands-on” problem solving. Topics include: the time value of money, capital budgeting, the trade-off between risk and return and security valuation.

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:

- Apply the concept of time value of money to evaluate single and multiple cash flows.
- Perform bond and stock valuation using standard models.
- Distinguish between nominal and effective interest rates and analyze simple loan and mortgage payment structures.
- Compare and evaluate investment projects using capital budgeting techniques (e.g., NPV, IRR, payback).
- Explain the trade-off between risk and return and apply the Capital Asset Pricing Model (CAPM) to estimate expected returns.
- Use problem-solving techniques to analyze financial decisions across different contexts (e.g., saving, investing, financing).

COURSE LEARNING GOALS

By the end of the course, students should:

- Understand the role of finance in business and personal decision-making.
 - Appreciate the importance of the time value of money as a foundation for all financial decisions.
 - Recognize how financial markets and institutions help channel funds between savers and borrowers.
 - Develop an intuitive understanding of the risk-return trade-off, including the value of diversification.
 - Gain confidence in using basic financial tools to interpret and solve problems relevant to real-world business contexts.
 - Build a foundation for further study in finance, preparing them for more advanced topics in valuation, investments, and corporate finance.
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REQUIRED MATERIALS AND TEXTS

Required: Ross, Westerfield, Jordan, Pandes and Holloway, Fundamentals of Corporate Finance, 12th Canadian Edition. Toronto: McGraw-Hill Ryerson: henceforth RWJPH. Current price: \$85.95. Second-hand copies are permitted; however, Connect Access is required for course activities.

Required: Connect Access for RWJPH textbook.

Other course materials, including slides, readings, and exercises, will be provided on A2L.

COURSE EVALUATION AND DELIVERABLES

Components and Weights

The following weighting scheme will be used:

#	Grade Component	Weight	Date and Time
1	Weekly Connect Quizzes (Best 6 of 8)	10%	See below
2	Term Test 1 (2 hours) – Topics 1 to 4	25%	Wednesday, Oct 8, 6:30 – 8:30 p.m.
3	Term Test 2 (2 hours) – Topics 5 to 8	25%	Wednesday, Nov 12, 6:30 – 8:30 p.m.
4	Final Examination (2.5 hours, cumulative)	40%	TBA
	Total	100%	

1. Quizzes

Weekly quizzes will be completed online through Avenue to Learn (A2L). Each quiz will consist of 10 multiple-choice questions, with a 30-minute time limit and a single attempt. Quizzes are open book: you may consult your notes and course materials, but collaboration with others or the use of generative AI tools is not permitted.

- Quizzes will be released on Wednesday evenings and due the following Tuesday at 11:59 p.m. (Eastern Time).
- The system will close automatically at the deadline. If you begin a quiz less than 30 minutes before the deadline, you will have only the remaining time available.
- Only the best 6 of 8 quizzes will count toward the final grade. There will be no quizzes in the first and the final week of classes, or in the two weeks when term tests are scheduled.
- The first quiz will be released in Week 2 (September 10) and will be due September 16.

Because of the flexibility built into this policy, no accommodations will be granted for missed quizzes. Students with formal arrangements through SAS must discuss these with the instructor no later than September 12. No changes will be made after that date.

2. Term Tests and Final Exam

The term tests and the final exam will consist of multiple-choice questions and will cover materials from lectures, tutorials, textbook readings, quizzes, and practice questions.

- All assessments will be held in person.
- Students may bring a non-programmable calculator (a financial calculator is optional).
- Students may also bring one crib sheet: single-sided for each term test and double-sided for the final exam. Crib sheets must be on letter-sized paper and may be handwritten or printed in any format. Electronic crib sheets are not permitted.
- An exam blueprint (including coverage and sample distribution of easy, moderate, and challenging questions) will be provided one week before each test and after the final lecture for the final exam.

3. Bonus Marks

Students may earn up to 5% in bonus marks through active participation in Top Hat questions during lectures, as well as selected short reflections, surveys, and/or additional assignments. Some of these activities may involve exploring the use of AI tools in learning.

- Bonus marks are optional and will only be applied to final grades below 85%.
- Bonus credit may raise a grade up to, but not above, 85% (A).
- *Note: This policy ensures that bonus marks reward engagement and participation without substituting for mastery of core course material.*
- For example, a student earning 75% plus 5% bonus will receive 80%. A student earning 85% plus 5% bonus will remain at 85%.

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.

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.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

- No accommodations are provided for missed quizzes (see Section *Course Evaluation and Deliverables* for details).
- Missed term tests or exams will receive a grade of zero unless the student has submitted, and been approved for, a Notification of Absence or MSAF.
- If a student files a successful MSAF for a missing term test, the weight of that test will be transferred to the final exam. The final exam is comprehensive and will cover the entire course.
- Students requiring academic accommodations must be registered with Student Accessibility Services (SAS) and should contact the instructor as early as possible to make the necessary arrangements.

GENERATIVE AI

Students may use generative AI in this course only in accordance with the guidelines outlined for each activity or assessment. For example, some bonus reflections or surveys may involve exploring the use of AI tools in learning. Use of generative AI for quizzes, tests, or the final exam is strictly prohibited.

Whenever AI tools are used, students must cite or acknowledge their use following instructions provided in the course. Using generative AI outside of approved activities, or without proper acknowledgment, will be treated as academic dishonesty under McMaster’s academic integrity policy.

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.

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 2FA3 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 2FA3 – Introduction to Finance Fall 2025 Course Schedule

TOPIC	LECTURE DATE	TOPIC DESCRIPTION	READING IN RWJPH
1	Sept. 3	Intro to Corporate Finance: Roles of financial management, markets, and firm objectives.	Ch. 1
2	Sept. 10	Time Value of Money (Basics): Compute FV/PV; simple vs. compound interest; Rule of 72.	Ch. 5
3	Sept. 17	Discounted Cash Flow Valuation: Multiple cash flows; annuities and perpetuities.	Ch. 6.1 & 6.2
4	Sept. 24	Loans: APR vs. EAR; loan amortization.	Ch. 6.3 & 6.4
5	Oct. 1	Bond Valuation: Bond values and YTM; price-rate relation; interest rate risk; inflation/real vs. nominal; the Fisher effect	Ch. 7.1, 7.3, 7.5 & 7.6 Ch. 7.2 & 7.4 (tutorial)
	Oct. 8	Term Test # 1 (Topics 1-4)	No lecture
	Oct. 15	Fall Recess	No lecture
6	Oct. 22	Stock Valuation: DDM (zero / constant / non-constant growth); using multiples.	Ch. 8.1 Ch. 8.2 & 8.3 (tutorial)
7	Oct. 29	Market History: Historical returns, risk premiums; arithmetic vs. geometric avg; risk-return trade-off.	Ch. 12
8	Nov. 5	Risk & Return I: Diversification; systematic vs. unsystematic risk; portfolio variance intuition.	Ch. 13.1-13.5
	Nov. 12	Term Test # 2 (Topics 5-8)	No lecture
9	Nov. 19	Risk & Return II: Beta & CAPM; Security Market Line.	Ch. 13.6 & 13.7
10	Nov. 26	Capital Budgeting: NPV & other rules (IRR, Payback, PI), conflicts with NPV.	Ch. 9
11	Dec. 3	Making Investment Decisions: Relevant cash flows, pro formas, tax shields (CCA).	Ch. 10.1-10.6

Notes:

1. Readings and topics are tentative and may be adjusted depending on the course pace.
2. Chapters covered in tutorials are examinable and may appear on quizzes, term tests, or the final exam.