

Commerce 2FA3 Introduction to Finance Winter 2026 Course Outline

Finance and Business Economics Area DeGroote School of Business McMaster University

COURSE OBJECTIVE

The goal of this course is to provide students with an introduction to finance and develop an understanding of the key concepts used in the business world. This course provides an overview of financial management and the financial system. The goal is to equip students with a basic understanding of how financial decisions are made. Students will learn fundamental finance concepts and tools, and how they are applied in practice. The course will lay a foundation for more advanced finance courses that students will subsequently take. Topics include the time value of money, capital budgeting, risk and return trade-off, and security valuation.

INSTRUCTOR AND CONTACT INFORMATION

Instructor: Jason Tome

Email: tomej@mcmaster.ca

Instructor Office Hours: TBA on Avenue and by appointment on Zoom

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

Other Important Links:

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

COURSE ELEMENTS

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

COURSE INFORMATION

Lectures: 2 hours per week. Lectures will closely follow the topics in the textbook, although for some topics lectures will be more in depth than the associated readings in the text. The PowerPoint slides will be posted on A2L but are by no means a substitute for the material covered in class. Lectures are most useful if you have first read the textbook sections related to the day's lectures so that you are acquainted with the terminology and notation used.

- Tuesdays from 7:00 – 10:00 (C01)
- Tuesdays from 10:30 – 12:20 (C02)

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

- Wednesdays from 4:30 – 5:20 (T01)
- Thursdays from 12:30 – 1:20 (T02)

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.

COURSE LEARNING OUTCOMES

This course is intended to provide students with literacy in the problems and methods of modern business finance. During the lectures, the course will also discuss real-world applications of the financial concepts that we cover. Upon successful completion of this course, students will be able to:

- Describe corporate structure, corporate governance, and the goal of a corporation and how it applies to corporate financial decisions;
- Outline the principles and mechanics of the time value of money and calculate the present and future values of various combinations of cash flows;
- Determine the intrinsic value of stocks and bonds using discounted cash flow and present value models within capital market contexts.
- Evaluate and analyse potential investment projects and understand alternative methods for evaluating projects;
- Apply statistical and financial metrics—such as standard deviation, beta, correlation, and expected return—to evaluate the risk-return profile of individual securities and construct diversified portfolios, using modern portfolio theory to optimize investment decisions.
- Apply the Capital Asset Pricing Model (CAPM), grounded in modern portfolio theory and market equilibrium assumptions, to estimate the cost of equity via the Security Market Line (SML), and calculate the weighted average cost of capital (WACC) for use in investment and valuation decisions.

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

Fundamentals of Corporate Finance, 12th Canadian Edition; By S.A. Ross, R.W. Westerfield, B.D. Jordan, G. Roberts, J.A. Pandes, T. Holloway; McGraw-Hill Ryerson, 2025. Current price: \$85.95. Secondhand copies are permitted. Connect Access is optional.

Texas Instruments BA II Plus Financial Calculator is strongly recommended for this course. However, any calculator that performs time value of money and other financial functions is acceptable.

COURSE EVALUATION

<i>Type</i>	<i>Description</i>	<i>Due Date</i>	<i>Weight</i>
Quizzes	Weekly Quizzes	Ongoing (<i>See Course Schedule</i>)	10%
Test	Term Test I	Jan 27	20%
Test	Term Test II	Mar 10	20%
Group Assignment	Video Project	Apr 5	15%
Test	Final Exam	TBA	35%

COURSE DELIVERABLES

Quizzes (10 x 1% = 10%)

There are 10 quizzes, each worth 1% of your grade, that will be completed online through Avenue to Learn (A2L). The quizzes will feature multiple choice questions related to the corresponding Lecture and are designed to be introductory in nature and serve as an opportunity for you to check your understanding of the material covered each week. Quizzes will be released on Wednesday morning and due that Sunday at 11:59 p.m. 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. You are permitted unlimited attempts on each quiz before the due date and there is no time limit per attempt.

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 January 9. No changes will be made after that date.

Term Test I (20%)

Term Test I is worth 20% of your final grade and will be held in-person on **January 27th from 7:00 to 9:00 p.m. in PGCLL 127 (TBC)**. Term Test I will consist of multiple-choice questions and be closed book. Term Test I will cover Chapters 1 – 6 and will feature questions related to the material featured in lectures, tutorials, textbook readings, quizzes, and practice questions. Students are permitted to bring one 8.5" X 11" double-sided crib sheet along with any non-programmable calculator(s). More details about the Term Test will be discussed in class and posted on A2L.

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 missing a term test, the weight of the midterm will be added to the weight of the final exam.

Term Test II (20%)

Term Test II is worth 20% of your final grade and will be held in-person on **March 10th from 7:00 to 9:00 p.m. in PGCLL 127 (TBC)**. Term Test II will consist of multiple-choice questions and be closed book. Term Test II will cover Chapters 7 – 11 and will feature questions related to the material featured in lectures, tutorials, textbook readings, quizzes, and practice questions. Students are permitted to bring one 8.5" X 11" double-sided crib sheet along with any non-programmable calculator(s). More details about the Term Test will be discussed in class and posted on A2L.

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 missing a term test, the weight of the midterm will be added to the weight of the final exam.

Group Project (15%)

In addition to the Quizzes, Term Tests, and Final Exam, students will be required to do a Group Project. The Group Project is worth 15% of your final grade and **is due on April 5th at 11:59 p.m.** The Group Project will be completed in groups of 4-5 students. In this applied group project, students will conduct a comprehensive investment analysis of a publicly traded Canadian dividend-paying company listed on the Toronto Stock Exchange. This assignment simulates a real-world equity research engagement by guiding students through valuation modeling, financial and strategic analysis, risk and trend evaluation, and the formulation of a data-driven investment recommendation. This project develops practical skills in valuation, strategic thinking, and investment decision-making within the Canadian capital markets context.

Each group member must be actively involved in the group project. Within each group, all members will usually receive the same project grade. In cases where it is clear that an individual has made little or no contribution to the group work, the instructor reserves the right to adjust that individual's mark on the group part of the project grade to a mark less than that given to the group as a whole. For example, in a situation in which no contribution has been made, a mark of zero will be given. This will help recognize individual contributions and to promote equal participation by group members. If required, group members will evaluate each other for their contributions. I will determine a preliminary group mark for the teams' performance. This group mark may then be modified for each individual group member based on the results of a confidential peer evaluation if necessary. Students will receive an individual mark (not a group mark) which may or may not be the same as the group mark that is originally determined or the mark given to other group members. I reserve the right to investigate and adjust any peer evaluations or individual marks.

Final Exam (35%)

The Final Exam is worth 35% of your final grade and will be held in-person (**exact day, time, and location to be confirmed**). The Final Exam will consist of multiple-choice questions and be closed book. The Final Exam is cumulative and will cover Chapters 1 – 14. The Final Exam will feature questions related to the material featured in lectures, tutorials, textbook readings, quizzes, and practice questions. Students are permitted to bring one 8.5" X 11" double-sided crib sheet along with any non-programmable calculator(s). More details about the Final Exam will be discussed in class and posted on A2L.

LATE ASSIGNMENTS

Late assignments will be penalized 25% for each calendar day they are late.

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.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.

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

Use of generative **AI for quizzes, tests, or the final exam is strictly prohibited.**

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.

Students **may use generative AI in their Group Project** in accordance with the guidelines outlined for each assessment, and 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 limitations for use for each assessment and 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.

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.

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
Winter 2026 Course Schedule (Subject to Changes During Semester)**

WEEK	DATE	TOPIC
1	Jan 6	Lecture 1: Introduction to Course & Corporate Finance Suggested Readings: Chapters 1-4
	Jan 11	Quiz 1: due at 11:59 p.m. on Avenue to Learn
2	Jan 13	Lecture 2: Time Value of Money Part I Suggested Readings: Chapters 5-6
	Jan 14/15	Tutorial 1: Time Value of Money Problems
	Jan 18	Quiz 2: due at 11:59 p.m. on Avenue to Learn
3	Jan 20	Lecture 3: Time Value of Money Part II Suggested Readings: Chapters 5-6
	Jan 21/22	Tutorial 2: Time Value of Money Problems
	Jan 25	Quiz 3: due at 11:59 p.m. on Avenue to Learn
4	Jan 27-29	Term Test Week (No Lecture or Tutorial) Term Test I on Jan 27th from 7:00 to 9:00 p.m. in PGCLL 127 (TBC)
5	Feb 3	Lecture 4: Valuing Bonds Suggested Readings: Chapter 7
	Feb 4/5	Tutorial 3: Bond Valuation Problems
	Feb 8	Quiz 4: due at 11:59 p.m. on Avenue to Learn
6	Feb 10	Lecture 5: Valuing Stocks Suggested Readings: Chapter 8
	Feb 11/12	Tutorial 4: Stock Valuation Problems
	Feb 15	Quiz 5: due at 11:59 p.m. on Avenue to Learn

WEEK	DATE	TOPIC
7	Feb 16-20	Reading Week (No Lecture, Tutorial, or Quiz)
8	Feb 24	Lecture 6: Capital Budgeting Part I Suggested Readings: Chapters 9-11
	Feb 25/26	Tutorial 5: Capital Budgeting Problems
	Mar 1	Quiz 6: due at 11:59 p.m. on Avenue to Learn
9	Mar 3	Lecture 7: Capital Budgeting Part II Suggested Readings: Chapters 9-11
	Mar 4/5	Tutorial 6: Capital Budgeting Problems
	Mar 8	Quiz 7: due at 11:59 p.m. on Avenue to Learn
10	Mar 10-12	Term Test Week (No Lecture or Tutorial) Term Test II on Mar 10th from 7:00 to 9:00 p.m. in PGCLL 127 (TBC)
11	Mar 17	Lecture 8: Risk and Return Part I Suggested Readings: Chapters 12-13
	Mar 18/19	Tutorial 7: Capital Structure Problems
	Mar 22	Quiz 8: due at 11:59 p.m. on Avenue to Learn
12	Mar 24	Lecture 9: Risk and Return Part I Suggested Readings: Chapters 12-13
	Mar 25/26	Tutorial 8: Capital Structure Problems
	Mar 29	Quiz 9: due at 11:59 p.m. on Avenue to Learn
13	Mar 31	Lecture 10: Cost of Capital Suggested Readings: Chapter 14
	Apr 1/2	Tutorial 9: Cost of Capital Problems
	Apr 5	Quiz 10: due at 11:59 p.m. on Avenue to Learn Group Project: due at 11:59 p.m. on Avenue to Learn
14	Apr 7	Make-Up Class (If Needed)