Commerce 2FA3
Introduction to Finance
Fall 2026 Course Outline

Finance and Business Economics Area
DeGroote School of Business
McMaster University

INSTRUCTOR AND CONTACT INFORMATION

C03: Wed 12:30 – 14:20, C05: Wed 14:30 – 16:20, C06: Tue 14:30 – 16:20

Dr. Yingnan Zhao
Instructor
zhaoy502@mcmaster.ca
Office: DSB 411

Office Hours: Mondays, 4:00 p.m. – 5:00 p.m.
Class Location: Please see Mosaic for the information.

Tutorials: T03: Thu 16:30 – 17:20, T05: Wed 17:30 – 18:20, T06: Wed 12:30 – 13:20
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: One two-hour lecture per week

Tutorials: One 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.

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

Course Description: This course provides an introduction to financial management and the financial system, with an emphasis on how financial principles are applied to corporate decision-making. Students will develop an understanding of fundamental finance concepts and quantitative tools and learn to apply them to practical financial decisions. The course provides a foundation for subsequent study in corporate finance, investments, and related areas. Topics include the time value of money and discounted cash flow analysis, bond and stock valuation, interest rates and loans, risk and return, and capital budgeting and investment decisions.

COURSE LEARNING GOALS

By the end of the course, students should:

- Understand the role of finance in business decision-making and how financial decisions contribute to firm value.
- Develop a strong conceptual foundation in valuation, particularly the time value of money and discounted cash flow approach.
- Understand the relationship between risk, return, and value, including the importance of diversification and market risk.
- Develop an understanding of sound investment decision-making, including how firms evaluate financial assets and capital projects.
- Build confidence in applying financial tools and interpreting quantitative results in realistic business contexts.
- Establish a foundation for further study in corporate finance, investments, financial markets, and related areas.

REQUIRED MATERIALS AND TEXTS

Required: Ross, Westerfield, Jordan, Pandes, and Holloway, *Fundamentals of Corporate Finance*, 12th Canadian Edition, with associated Connect access. Toronto: McGraw-Hill Ryerson (hereafter, RWJPH). Current price: $85.95. Second-hand copies of the textbook are permitted; however, Connect access is required for course activities, such as weekly quizzes.

Other course materials, including slides, readings, and exercises, will be provided on Avenue to Learn.

COURSE LEARNING OUTCOMES

Upon successful completion of this course, students will be able to:

- Explain fundamental principles of corporate finance, including the role of financial management, financial markets, firm objectives, and value creation.
- Apply time value of money and discounted cash flow techniques to value single and multiple cash flows, annuities, perpetuities, loans, and other financial decisions.
- Value bonds and stocks using standard valuation models and analyze how interest rates, inflation, growth, and required returns affect financial asset values.
- Analyze risk and return in financial markets, including historical returns, diversification, systematic and unsystematic risk, beta, and the Capital Asset Pricing Model (CAPM).
- Evaluate capital investment opportunities using NPV, IRR, payback, profitability index, and appropriate incremental cash flows, including relevant tax effects and CCA tax shields.
- Integrate financial concepts and quantitative problem-solving techniques to interpret financial information and make informed corporate financial decisions.

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 9)	10%	See the Quiz Schedule below
2	Term Test 1 (2 hours) – Topics 1 to 3	25%	Thursday, Oct 1, 7:00 – 9:00 p.m.
3	Term Test 2 (2 hours) – Topics 4 to 7	25%	Tuesday, Nov 10, 7:00 – 9:00 p.m.
4	Final Examination (2.5 hours, cumulative)	40%	TBA
	Total	**100%**	

Note: Topic numbers correspond to those listed in the Course Schedule at the end of the syllabus.

1. Quizzes

Weekly quizzes will be completed online through the links posted on A2L, which will direct you to Connect. Each quiz will consist of 10 multiple-choice questions and will cover the topic indicated in the Quiz Schedule below.

Quizzes are open-book and will have a time limit of 30 to 45 minutes, with one attempt permitted. Students may consult their notes and course materials; however, collaboration with others and the use of generative AI tools are not permitted. Only the best 6 of 9 quizzes will count toward the final course grade.

Quizzes will be released on Tuesday evenings and will be due the following Monday at 11:59 p.m. (Eastern Time), except where otherwise indicated in the Quiz Schedule. Connect will close each quiz automatically at the deadline. If you begin a quiz with less time remaining before the 11:59 p.m. deadline than the quiz's allotted time (e.g., 30 or 45 minutes), you will have only the time until 11:59 p.m. to complete it.

Because flexibility is already built into the grading policy through the best-6-of-9 arrangement, no make-up quizzes or extensions will be granted for missed quizzes. Students with formal accommodations through Student Accessibility Services (SAS) should discuss their quiz arrangements with the instructor no later than September 12 to ensure that appropriate arrangements can be implemented.

Quiz Schedule

Quiz	**Topic**	**Release Date (Tuesday evening)**	**Due Date (Monday, 11:59 p.m. ET)**
Quiz 1	2: Time Value of Money	September 15, 2026	September 21, 2026
Quiz 2	3: Discounted Cash Flow Valuation	September 22, 2026	September 28, 2026
Quiz 3	4: Loans	October 6, 2026	October 19, 2026* (*after the fall recess)
Quiz 4	5: Bond Valuation	October 20, 2026	October 26, 2026
Quiz 5	6: Interest Rate Risk; Fisher Effect	October 27, 2026	November 2, 2026
Quiz 6	7: Stock Valuation	November 3, 2026	November 9, 2026
Quiz 7	8: Risk and Return (I)	November 17, 2026	November 23, 2026
Quiz 8	9: Risk and Return (II)	November 24, 2026	November 30, 2026
Quiz 9	10: Capital Budgeting	December 1, 2026	December 7, 2026

2. Term Tests and Final Exam

The term tests and the final examination will consist of multiple-choice questions and may assess material from lectures, tutorials, quizzes, and practice questions.

- All assessments will be held in person.
- Students may bring a non-programmable calculator (McMaster-approved or equivalent); a financial calculator is optional. Graphing calculators and calculators with symbolic or equation-solving capabilities are not permitted.
- Students may 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, with highlighting and other formatting permitted. Crib sheets will be collected at the end of each assessment. Students who wish to retain a copy for future reference should make a copy beforehand. Electronic crib sheets are not permitted.
- An exam blueprint outlining the topics covered will be provided approximately one week before each term test and after the final lecture for the final examination. The blueprint is intended as a study guide and does not guarantee the exact composition of the assessment.

3. Bonus Credit

Students may earn up to 5 percentage points in bonus credit through Top Hat activities during lectures and selected activities such as short reflections, surveys, and/or AI-related assignments. Individual bonus activities will be worth up to 0.5 percentage points, with credit determined according to the requirements specified for the activity. More than 5 percentage points of bonus opportunities may be available during the term; however, a maximum of 5 percentage points will be applied to the final course grade. Bonus credit is optional and may raise the final course grade up to, but not above, 85% (A).

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", available at the link below;

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

- No make-up quizzes or extensions are provided for missed quizzes (see 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 missed 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.

IMPORTANT LINKS

- Mosaic
- Avenue to Learn
- Student Accessibility Services - Accommodations
- McMaster University Library

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, may constitute 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 2026 Course Schedule, C06 (Tuesdays)

TOPIC	LECTURE DATE	TOPIC DESCRIPTION	READING IN RWJPH
1	Sept. 8	Intro to Corporate Finance: Roles of financial management, markets, and firm objectives.	Ch. 1
2	Sept. 15	Time Value of Money: Compute FV and PV; simple vs. compound interest; Rule of 72.	Ch. 5
3	Sept. 22	Discounted Cash Flow Valuation: Multiple cash flows; annuities and perpetuities.	Ch. 6.1 & 6.2
	Sept. 29	No Class. Midterm 1 on **Oct 1**, 7:00 p.m. – 9:00 p.m.	
4	Oct. 6	Loans: APR vs. EAR; loan amortization.	Ch. 6.3 & 6.4
	Oct. 13	Fall Recess. No Class.	
5	Oct. 20	Bond Valuation: Bond values and YTM; price-interest rate relationship.	Ch. 7.1 & 7.3
6	Oct. 27	Interest rate risk; inflation/real vs. nominal; the Fisher effect.	Ch. 7.1, 7.6
7	Nov. 3	Stock Valuation: DDM (zero / constant / non-constant growth). Market History: Historical returns, risk premiums; arithmetic vs. geometric average; capital market efficiency.	Ch. 8.1, Ch. 12.1, 12.5, 12.6
	Nov. 10	No Class. Midterm 2 on **Nov. 10**, 7:00 p.m. – 9:00 p.m.	
8	Nov. 17	Risk and Return I: Diversification; systematic vs. unsystematic risk; portfolio variance intuition.	Ch. 12.2-12.4, Ch. 13.1-13.5
9	Nov. 24	Risk and Return II: Beta and CAPM; Security Market Line.	Ch. 13.6 & 13.7
10	Dec. 1	Capital Budgeting: NPV and other rules (IRR, payback, PI), conflicts with NPV.	Ch. 9
11	Dec. 8	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. *Material covered in tutorials is examinable and may appear on quizzes, term tests, or the final examination.*

COURSE SCHEDULE

Commerce 2FA3 – Introduction to Finance

Fall 2026 Course Schedule, C03 and C05 (Wednesdays)

TOPIC	LECTURE DATE	TOPIC DESCRIPTION	READING IN RWJPH
1	Sept. 9	Intro to Corporate Finance: Roles of financial management, markets, and firm objectives.	Ch. 1
2	Sept. 16	Time Value of Money: Compute FV and PV; simple vs. compound interest; Rule of 72.	Ch. 5
3	Sept. 23	Discounted Cash Flow Valuation: Multiple cash flows; annuities and perpetuities.	Ch. 6.1 & 6.2
	Sept. 30	No Class. Midterm 1 on **Oct 1**, 7:00 p.m. – 9:00 p.m.	
4	Oct. 7	Loans: APR vs. EAR; loan amortization.	Ch. 6.3 & 6.4
	Oct. 14	Fall Recess. No Class.	
5	Oct. 21	Bond Valuation: Bond values and YTM; price-interest rate relationship.	Ch. 7.1 & 7.3
6	Oct. 28	Interest rate risk; inflation/real vs. nominal; the Fisher effect.	Ch. 7.1, 7.6
7	Nov. 4	Stock Valuation: DDM (zero / constant / non-constant growth). Market History: Historical returns, risk premiums; arithmetic vs. geometric average; capital market efficiency.	Ch. 8.1, Ch. 12.1, 12.5, 12.6
	Nov. 11	No Class. Midterm 2 on **Nov. 10**, 7:00 p.m. – 9:00 p.m.	
8	Nov. 18	Risk and Return I: Diversification; systematic vs. unsystematic risk; portfolio variance intuition.	Ch. 12.2-12.4, Ch. 13.1-13.5
9	Nov. 25	Risk and Return II: Beta and CAPM; Security Market Line.	Ch. 13.6 & 13.7
10	Dec. 2	Capital Budgeting: NPV and other rules (IRR, payback, PI), conflicts with NPV.	Ch. 9
11	Dec. 9	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. *Material covered in tutorials is examinable and may appear on quizzes, term tests, or the final examination.*