

**MBA F650
Firms and Markets
Summer 2024 Course Outline**

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

COURSE OBJECTIVE

As your introductory course in corporate finance, this course is designed to build upon your financial foundations from I601 in the context of corporate applications. This course builds on your previous learning, and acts as a stepping-stone to the real world of business. The purpose of this course is to enhance your capacity to do the job of a general manager responsible for the financial outcomes associated with a project or firm.

INSTRUCTOR AND CONTACT INFORMATION

William Huggins
Instructor
hugginsw@mcmaster.ca
Office: RJC 255
Office Hours: before or after
class, by appointment
Tel: (647) 289-9240

TBA
Student TA
TBA@mcmaster.ca
Office Hours: TBA

Course website: Avenue to Learn

COURSE ELEMENTS

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

COURSE DESCRIPTION

This course provides an in-depth understanding of the way companies and individual investors make financial decisions. The material builds upon the concepts of time value of money, risk/return analysis and corporate finance, learned in earlier finance courses, and makes use of accounting concepts, especially the organization of the balance sheet, income and cash flow statement. However, F650 is much more investment and market-oriented. Course coverage centers on advanced financial management, portfolio theory, equity valuation, capital structure, and introduces derivatives.

LEARNING OUTCOMES

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

- Understand the relationship between the risk and the return of a financial securities, and determine the appropriate discount rate for capital budgeting.
 - Understand and apply the capital asset pricing model (CAPM) and multi-factor models.
 - Understand the concept of market efficiency and its implications for corporate finance.
 - Understand and evaluate a firms' capital structure decisions, and the impact of taxes and market imperfections on these decisions.
 - Understand the theory and practical aspects of dividends and share repurchases.
 - Evaluate corporate projects and public companies through a range of financial analysis tools.
 - Describe the common forms of long-term financing sources, such as common stock, preferred stock, long-term debt, and leases.
 - Evaluate the trade-offs in managing working capital accounts.
 - Understand the basics of options markets and risk management strategies using options, futures, and forwards.
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REQUIRED COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>

Corporate Finance by Ross, Westerfield, 9th Canadian Edition (McGraw-Hill)

- E-text or print. (ANY corporate finance textbook will do but this one is very good!)
- McGraw-Hill Connect access is **not** required (though you may find it helpful)
- A 12-month instant digital access to e-text is available directly from the publisher

Harvard Case Package

- Link on A2L

EVALUATION

Learning in this course results primarily from lectures on financial concepts and economic trade-offs, from related readings and solving the attendant homework assignments, from integrating these concepts in your case studies, and from participating in discussions related to these comprehensive examples. In both group case studies, group members will share the same grade which may be adjusted by peer evaluation. Your final grade will be calculated as follows:

Components and Weights

Homework Assignments Wednesday (2, 3, 5, 7, 9, 10) (individual)	18%
Case 1 Week 5 – June 5 – 11:59PM (group)	25%
Case 2 Week 9 – July 13 – 11:59PM (group)	25%
Case 3 (final) Due July 28 (individual)	32%
Total	100%

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

Live Lectures

Class meets in-person twice per week for two hours to discuss the core content of the course. Attendance is mandatory as per the program's requirements. Two sessions have been allocated to discussions about the assigned case studies to ensure everyone understands the key take-aways.

To make them more accessible, the weekly TA office hours will also be held over Zoom (time TBA)

Homework Assignments (individual) – 18%

The 6 weekly assignments will be released one week before they are due. Each assignment consists of one question (it may have sub-parts). These are due Wednesdays at 11:59PM EST.

Case Studies – two individual, one solo – 25% / 25% / 32%

All case studies must be purchased through HBS at the link provided above (roughly \$15). Final reports are to be submitted to electronic drop boxes set up on Avenue (only one submission per group is required) by 11:59pm EST on the dates listed above.

You should form a group within the first two weeks so you can begin working on the first case study by late May.

COMMUNICATION AND FEEDBACK

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degrootemcmaster.ca/contact/anonymous/>

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 Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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.

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.

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

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 credit has been obtained.
2. Improper collaboration in group work.
3. 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. A2L, 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 (A2L), 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.

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroote MBA Student website (mbastudent.degroote.mcmaster.ca). Please direct any questions about acceptable documentation to the MBA Academic Advisors (askmba@mcmaster.ca).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure availability throughout the entire period in the event an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroote MBA Student website (mbastudent.degroote.mcmaster.ca)

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

ACADEMIC ACCOMMODATION FOR STUDENTS WITH DISABILITIES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed afterwards. The SAS website is: <http://sas.mcmaster.ca>

Students who are leveraging accommodation for tests and exams are supported by the SEAO. These exams are written at the Ron Joyce Centre and do not take place in the Tim Nolan Testing Centre. Correspondence for accommodations is managed via the DSBSAS@mcmaster.ca email address. Students must communicate their intent to leverage accommodations on a test or exam a minimum of 10 business days prior to the assessment.

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 the SEAO **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation. 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 original literary, dramatic, musical and artistic work, **including lectures** by their 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.

POTENTIAL MODIFICATION TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change 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 explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and A2L weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA F650 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

**MBA F650 - Firms and Markets
Summer 2024 Course Schedule**

Week	Topics	Due Dates
1	May 13: Introduction and Overview of the Financial System (CH: 1.5)	
	May 16: Financial Statements – Analysis and Construction (CH: 2, 3)	
2	May 20: VICTORIA DAY (HOLIDAY) – NO CLASS	HW 1 (May 26)
	May 23: Capital Budgeting pt 1 (CH: 8)	
3	May 27: Capital Budgeting pt 2 (CH: 9)	HW 2 (June 2)
	May 30: Working Capital Management (CH: 27, 28, 29)	
4	June 3: Raising Equity Capital (CH: 20)	Case 1 (June 5)
	June 6: Raising Debt Capital (CH: 21) / Case 1 Discussion	
5	June 10: Cost of Capital (CH: 13, 15)	HW3 (June 16)
	June 13: The Valuation of: Firms (slides)	
6	MIDTERM WEEK – NO CLASS (also, no F650 midterm)	
7	June 24: Capital Structure pt 1 (CH: 16)	HW 4 (June 30)
	June 27: Capital Structure pt 2 (CH: 17)	
8	July 1: CANADA DAY (HOLIDAY) – NO CLASS	Case 2 (July 3)
	July 4: Dividend Policy (CH: 19) / Case 2 Discussion	
9	July 8: Risk Management (CH: 26, 23)	HW 5 (July 14)
	July 11: Options (CH: 24.3, 25)	
10	July 15: Mergers and Acquisitions (CH: 30)	HW 6 *(July 19)*
	July 18: Corporate Governance (CH: 1.4)	