1A:

My risk tolerance was Moderate Investor (16 points) and my time horizon was long term (15 points)

1B:

I don't have any investment experience but I'm also not scared to risk at least a little bit to grow wealth especially since I do think my time horizon is long term. I don't have any big expenses that will need to be paid for a while (down payment, kids, etc.) so I have time to grow this money and if I allocated it right I think I could risk a good chunk of it but still be able to sleep at night.

2A:

My major asset allocation mix is going to be 60% stocks, 35% bonds, and 5% cash.

2B:

I chose the 60/40 adjustment approach because I think it makes the most sense to me as a moderate and non-experienced investor, as its known as the best framework for an allocation mix for an investor like myself. Other methodologies are a bit confusing (like mean-variance optimization) for me as a first time investor, or they just aren't the right fit for me personally (such as 100 minus age) so the 60/40 adjustment approach helps me understand what I'm doing as well as set me up for future success. As a moderate investor I'm not going to invest all of my money into one thing, so with this mix it allows me to allocate into 3 different assets and diversify my portfolio in a way that I can understand easily. I think it works very well for me because I am able to change it and understand the change in the future if needed. Since I have a long-term investment horizon I can have risk in my portfolio to grow while still having stability in the 40% of bonds and cash equivalents. As I get older and learn more about investing I can increase the ratio more aggressively and then when I get to the point in my life where I have a family and have more catastrophic risk I can change the mix to a less aggressive ratio to offset it.

2C:

I kept it pretty standard, with 60% in stocks, 40% in bonds and cash but chose to do a very low percent (5%) in cash equivalents because I do not need the cash right now or anytime in the near future. I originally was going to make it a little bit more conservative and 50/50 but I realized that I have such a long time horizon that I can be more aggressive now and it will pay off in the future when I need the money and can become more conservative. My goal for this portfolio is growth so I want to invest as much as I can (up to my sleep at night limit) to grow and create future wealth. I have a low amount in cash equivalents but for a $100,000 portfolio that means I have $5,000 easily available if needed, which I think works very well for my emergency fund ratio at this point in my life since I'm still in school. In the future I would definitely increase this number if it is my only emergency fund since I wouldn't have as much to fall back on (such as my parents) as I grow older.

3A:

For equities I chose to allocate into U.S. growth stocks, defense stocks, and dividend stocks. I have most of my allocation in U.S. growth stocks with 30% because that is the ultimate goal of my portfolio, I would choose a high growth sector like technology to encourage that growth. My second biggest allocation is U.S. defensive stocks at 18%, this gives me a steady cash flow and resilience if the market experiences a downturn, diversifying my portfolio and keeping me a little bit conservative, fitting my moderate investor profile. My last allocation for equities is in U.S. dividend stocks for 12%, these will allow me to have a steady flow of income that I can choose to reinvest with and let me compound my money. Overall, this mix gives me the low risk I am looking for while still giving me the opportunity to grow and reinvest when possible.

For my bonds I chose to invest in intermediate corporate bonds and short term treasure bonds. I will invest 24.5% into the intermediate corporate bonds, providing me higher yields since they are technically more risky. I would get them form established companies to avoid default risk, as I am still afraid of too much risk. These align with my long term investment horizon since they mature in 5-10 years. I would invest 10.5% into short term treasury bonds giving me stability and low volatility, as they are government backed. These will help me feel more secure in my overall investments, as I can diversify my portfolio with these and know I have this to fall back on if something catastrophic were to happen. Both of these offer me predictable income to reinvest with which is good for my moderate investor profile and long term investment horizon but also as an upcoming graduate, since I will have coupon payments that I can use as income if I really need it.

For cash equivalents I will have 5% of the $100,000 invested in a high yield money market fund, decreasing the volatility of my overall portfolio, as it is a safe, secure, and easily liquid cash account.

4)

For my U.S. Growth Stocks I chose to go with Vanguard Growth Index Investor (VIGRX). I used Yahoo Finance, searching for:

- Mutual Funds
- on NASDAQ
- Large Growth
- Expense Ratio < 1%

- Morningstar Rating of 4 or 5 stars
- Less than $30,000 investment (my % allocation)

These aligned with my need for high growth companies that are reliable and not too risky. I like this mutual fund because it invests a lot in technology, which I think has a very high growth potential. They also invest in companies that I know about which makes me feel more secure in putting my money in them, as I was also looking at a Fidelity one but didn't recognize some of the top companies. I also have known about Vanguard for a long time and have seen that they consistently bring returns S&P 500 and are consistent.

For my U.S. Defensive Stocks I chose the Vanguard Consumer Staples Index Fund Class Admiral Shares (VCSAX). I used Morningstar's screener and searched for:

- Mutual Fund
- Morningstar Rating of 4 or 5 stars
- Large Value, Consumer Defensive, U.S. Dividend & Income Equity (I had to look up what words equated to defensive to use since there was only one option for defensive and I wasn't sure if I needed to put more)
- Expense Ratio < 1%
- Less than $18,000 investment (my % allocation)

When searching I was specifically looking for a mutual fund that had a low beta, as I'm looking for something that doesn't respond to the market severely, and this mutual fund gives me that with a beta of 0.62. It also says on Morningstar that they have a high return compared to the category as well as have the lowest fee of the category which I liked. I knew that for defensive I was going to look for something related to consumer staples, as these are not as subject to change in a market downturn, I also needed it to have dividends since that was part of my goal with reinvesting the money and VCSAX gives me that. This mutual fund will work well for my portfolio because it gives consistent and stable returns, giving me the opportunity to make money off dividends and reinvest back into my portfolio but still having a little bit of volatility and room for growth.

For my dividend stocks I chose Fidelity Phillips Street Trust - Fidelity Cash Reserves (FDRXX) and searched for:

- Mutual Fund
- Dividend
- Morningstar Rating of 4-5 stars
- As well as Googling things since I was not sure what to look for
- Less than $12,000 investment (my % allocation)

I chose this one because Fidelity is a well known company and I would trust them to hold my money. They also invest it in U.S. government backed securities which is what I wanted for this part of my portfolio. I was not aware of what I needed to search for so I was referencing Google and friends who know about investing a few times because I needed some guidance on where to begin.

5)

For my intermediate term corporate bonds I chose to go with the Fidelity Corporate Bond Fund (FCBFX). I searched on Morningstar for:

- Mutual Fund
- Morningstar Rating of 3-5 stars
- Corporate bond
- Ranked in order of Morningstar medalist ranking (high to low)
- Less than $24,500 investment (my % allocation)

I think this fund would be great for the 24.5% of my portfolio, as they have a great credit rating with their bonds (average of A-) keeping me in the moderate investing profile still with safer choices. It also has around an 11 year maturity which lines up with my long term investment horizon. I also like it because it invests in bonds across diverse sectors and is known to have consistent returns.

For my short tern treasury bonds I went with the Vanguard Short Term Treasury Fund (VFISX). I used Yahoo Finance to search for:

- Mutual Fund
- Short Term Bond
- Morningstar Rating of 3-5 stars
- As well as searching directly in Yahoo and Morningstar for "Short Term Treasury Fund"
- Less than $10,500 investment (my % allocation)

This fund fits perfectly into my portfolio because it brings safety and diversification into my portfolio. It has an AAA rating since it is backed by the government bonds, as well as having a low expense ratio, making it cost effective for me. The portfolio has a maturity of around 2 years, so it fits into the short term horizon and, again, the lower risk.

6)

The major takeaway I had from this case study is that I was not aware it would take this long to actually research and select mutual funds to invest into. It was really interesting and once I was on a roll with it I was having fun but it took so long to do because I actually was trying to figure out how to maximize my use of the screeners and find out what information was important for each sub allocation which was hard at points. I also think that both Morningstar and Yahoo Finance need to make better screeners because there were multiple times that I put filters in and then it would say no funds exist and I just ran in circles trying to figure out which filter I put on was making it that way. I had a lot of fun once I was really into it but doing this as a profession is very impressive to me since I was so confused for most of the time. I also was not aware that there were so many different options for how to invest your money, coming into this class all I knew about was stocks and bonds (and didn't know much about those) and now I realize that there are so many different kinds and sub allocations of that that you can look into and be really creative with as well as tailor it to you specific needs. Overall, this case study was super fun and educational and I will definitely take it with me in the future once I decide to start investing for myself.