60 - 40 Split between Equity and Fixed Income Investment Thesis

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Agenda

1. PESTEL Analysis
2. Feasibility Study/Recommendation Report
3. Target Persona(s)
4. Investment Thesis
5. Risk Assessment Matrix/Mitigation Strategy
6. Profit & Loss Scenario Analysis

Industry Environment

Political Factors

- Geopolitical & Trade Risks
- Regulatory Changes
- 2026 Midterm & Local Elections

Economic Factors

- Inflation & Interest Rates
- Fed Policy, CPI, Unemployment
- Currency, Taxes, & Consumer Confidence

Social Factors

- Inflation & Interest Rates
- Workforce Shift
- Demographic Changes

Technological Factors

- Tech Innovation
- Data & Security
- Tax Integration

Environmental Factors

- Climate Risks
- ESG Investments
- Environmental Disruptions

Legal Factors

- Retirement & Fiduciary Changes
- Regulatory Shifts
- Privacy & Gig Economy

Recommendation Report

Executive Summary

This plan outlines a strategic asset allocation for:

- $2.5M retirement portfolio
    - 60/40 equities/fixed income split ($1.5M/$1M)
    - Balance long-term growth with risk management amid high interest rates, inflation, and changing global trade dynamics
- High net-worth client

Recommendation

Our recommendation blends core U.S. equity exposure with global diversification, real estate, and inflation-protected assets. Its fixed income component offers steady income and some inflation hedging, making it appropriate for clients who seek both growth and stability

Equities (60%)- 20% S&P 500 Index ETF, 15% Financials and Industrials, 15% Developed Markets, 10% Real Estate Investment Trusts (REITs)

Fixed Income (40%)- 20% Intermediate Treasuries, 10% Treasury Inflation-Protected Securities (TIPS), 10% Municipals

Target Persona

Attract

- High net worth individuals (around 50 - 70) who are getting ready to retire or are in their retirement
- Looking for long term financial stability and capital preservation

Engage

- Differentiated plans for consumers in retirement vs. preparing for retirement
- Personalized contents and communications for engagement

Retain

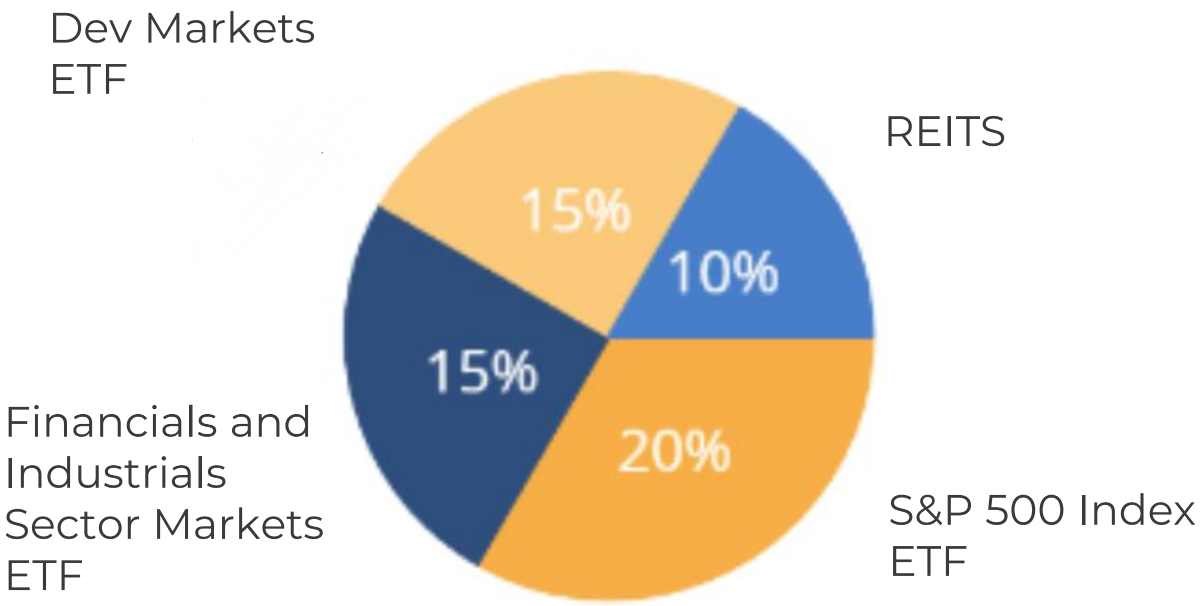
Strategies:
- Downside protection
- Inflation protection

- Customized portfolio reviews that assess changing needs
- Celebrate key milestones with personalized outreach and financial check-ins

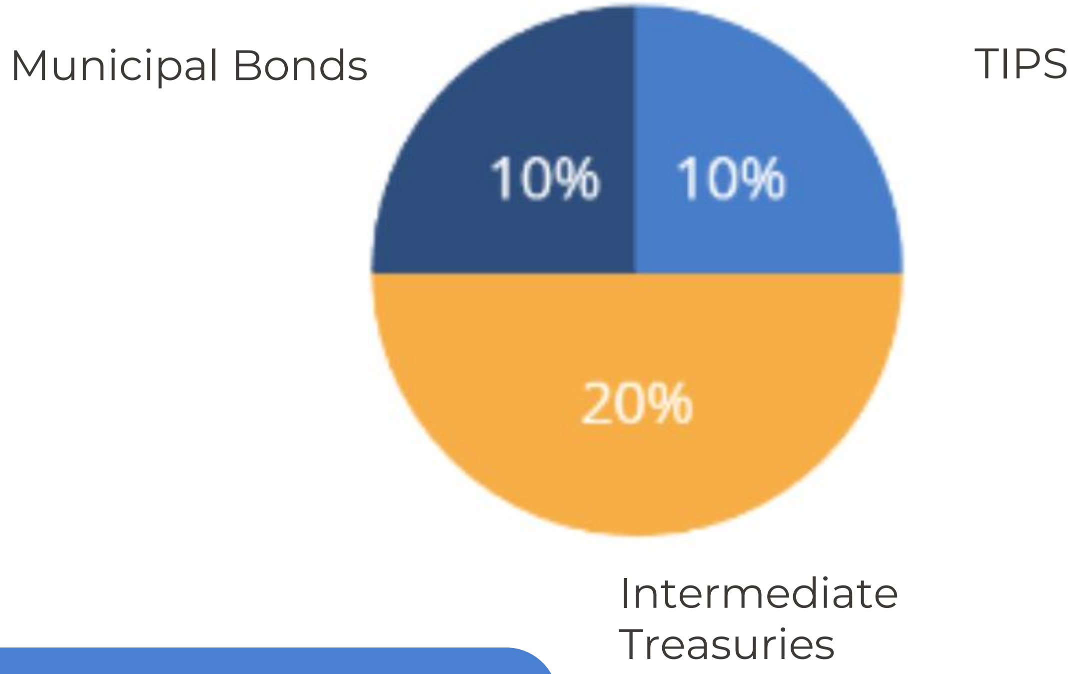
Interactions with customers

Retirement Portfolio

Equities (60%)



Fixed Income (40%)



These assets were selected to balance capital appreciation, income generation, downside protection, and inflation hedging, in alignment with the client's retirement objectives

Potential Risks

Interest Rates

- Sharp rate increases could cause volatility and underperformance, with a 60% likelihood
- Fed Commitment to 2% inflation may lead high rates, pressuring returns.
- Vulnerable to price declines
- Sensitive to rate shifts, low real returns

Vulnerabilities in ETFs and REITs

- Price dislocations or tracking errors
- Changes in real estate or tax laws can impact REIT income distribution and reduce investor returns
- Delayed trading, forced selling, or redemption pressures can lead to unexpected losses

Early Retirement Market Losses

- Early retirement market drops hurt more
- Withdrawals income during downturns lock in losses
- Less time to recover, long term impact

Mitigation

- Near or in retirement (50–70), prioritizing income stability and capital preservation
- Blend of Intermediate Treasuries and TIPS to hedge risks and protect income
- Conduct regular portfolio reviews to adjust allocations

Mitigation

- Retiree most impacted by instability
- Use diversified, liquid ETFs and REITs
- Avoid volatile or fragile sectors

Mitigation

- Retirees depending on portfolio pincome
- Use conservative, income focused investments
- Review and adjust regularly to avoid losses

Scenarios

Best Case

- Portfolio outperforms expectations with strong equity growth and solid income over 3–5 years
- Diversified equities deliver capital appreciation and dividends, while TIPS and REITs hedge inflation, preserving purchasing power

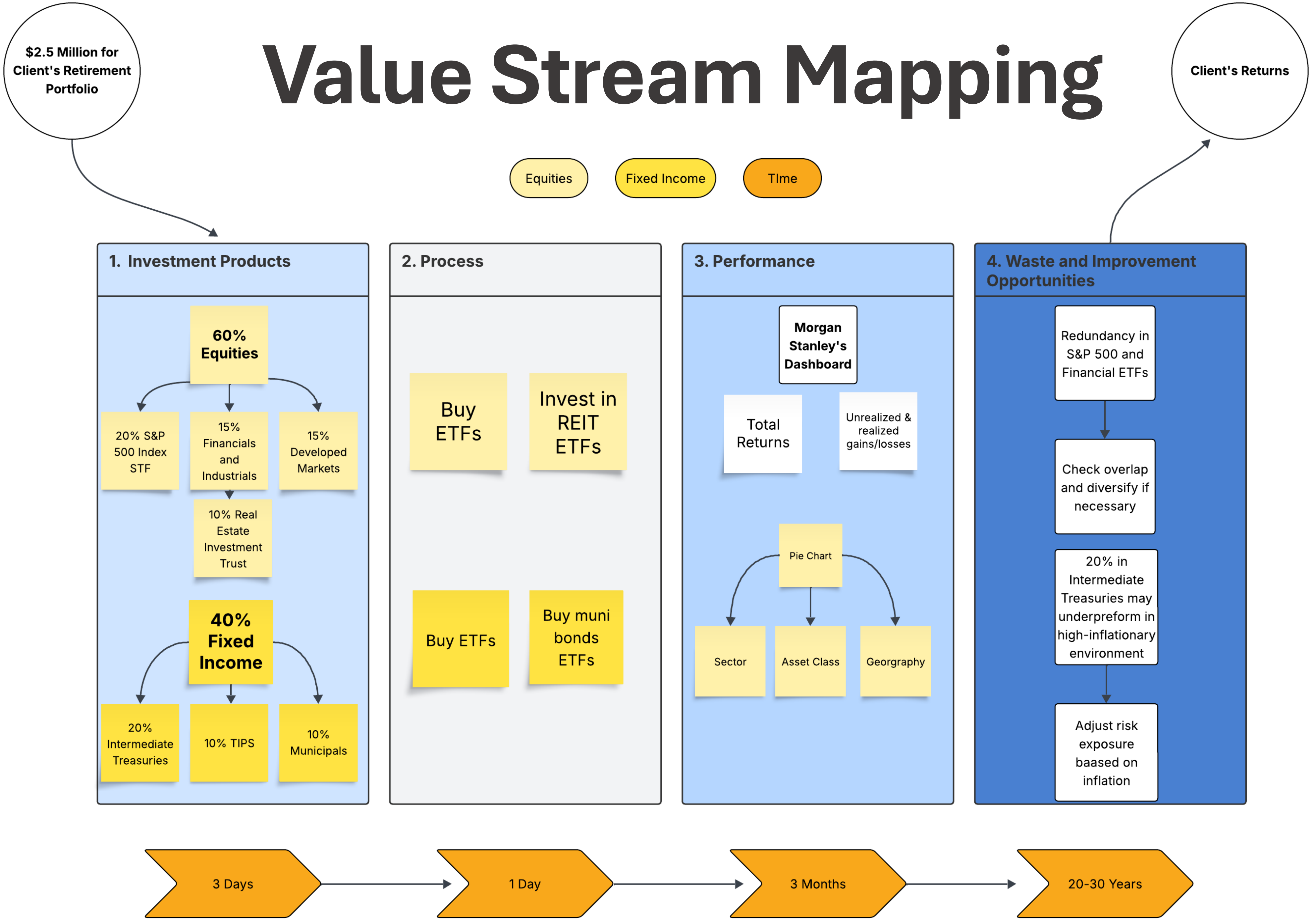
Base Case

- Steady portfolio growth and reliable income over 3–5 years, resilient companies and balanced asset allocation
- For ages 50–70, offering capital preservation, inflation-hedged income, and stability aligned with retirement goals

Worst Case

- Significant equity losses trigger a shift to safer fixed income assets to protect capital amid worsening market conditions
- Growth stalls, and the focus shifts to capital preservation over income, reducing long-term return potential

Value Stream Mapping



Financials- Historicals & Projections

	Assumed Annual Returns		
Asset Class	Allocation	Assumed Annual Return	Allocation x Return
Equities (60%)			
S&P 500 Index	20%	8%	1.6%
Financials & Industrials	15%	7.5%	1.125%
Developed Markets	15%	6.5%	.975%
Real Estate Investment Trusts	10%	7%	.7%
Fixed Income (40%)			
Intermediate Treasuries	20%	3.5%	.7%
TIPS	10%	3%	.3%
Municpals	10%	3.5%	.35%
Total Weighted Average Return	**100%**		**5.775%**

Nominal Portfolio Growth Rate: 5.775% (from previous analysis)
Inflation Rate (assumed): 2.5% annually (typical long-term average)

Real Growth Rate=((1+.05775)/(1+.025))-1=.03199 or **3.199%**

FVreal = PV × (1+real rate)^t

FVreal = 2,500,000 × (1.03199)^20 ≈ 2,500,000×1.876 ≈ **4,690,000**

Q&A/Contact Page

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