Portfolio for Individual #1

- **Client:** *Frugal Tim*
- **Portfolio Composition**

Asset Class	% invested	Rationale
Domestic Equities	5%	• Given Frugal Tim is just one year away from retirement, it is advised to invest only a very small % of the portfolio in a highly volatile asset like domestic equities as he might lose a major chunk of his wealth in case of a stock market crash just before retirement.
Overseas Equities	10%	• A small portion of the portfolio is invested in overseas equities to give exposure to overseas currency movements as Frugal is looking to move to Mauritius following his retirement.
Fixed-Income Nominal Bonds	15%	• A small portion of the portfolio is invested in fixed-income bonds to receive fixed stream of income upon retirement.
Inflation-Linked Bonds	20%	• A slightly higher portion of the portfolio is invested in inflation-linked bonds to enable Frugal to receive regular income linked to inflation, enabling him to maintain his lifestyle.
Real Estate	30%	• A slightly higher portion of the portfolio is invested in real estate as it is a low volatility asset and gives regular income in the form of rent. Rent is often linked to inflation which again gives Frugal a protection against inflation.
Cash and Cash Equivalent	20%	• A decent portion of the portfolio is invested in cash giving Frugal the option to withdraw money from the pension fund at a short notice in case of emergencies.
Total	**100%**	• **Overall, this portfolio is low-risk and low-return with decent inflation hedge and some currency hedge.**

"I am hoping that your suggested investment portfolio would generate sufficient returns so that I never run out of money at the beaches of Mauritius!"

Portfolio for Individual #2

- **Client:** *Spendthrift Elizabeth*
- **Portfolio Composition**

Asset Class	% invested	Rationale
Domestic Equities	45%	• Given Spendthrift Elizabeth has 35 years to retirement, she can afford to take risks and benefit from possible higher capital gains until retirement. Even if the stock market crashes, her portfolio will have ample time to recover from the crash.
Overseas Equities	50%	• A slightly higher portion is invested than domestic equities to gain benefit from higher returns particularly from emerging markets. Similar to domestic equities investment reasoning, if overseas stock markets crash, her portfolio will have ample time to recover from the crash.
Fixed Income Nominal Bonds	0%	• No investment made in fixed-income nominal bonds as they offer lower returns than equities.
Inflation Linked Bonds	0%	• No investment made in inflation-linked bonds as they offer lower returns than equities.
Real Estate	0%	• No investment made in real estate as they offer lower returns than equities.
Cash and Cash equivalent	5%	• A small portion of assets are kept as cash waiting to be invested in equities at an opportune time to maximise the gains.
Total	**100%**	• **Overall, the portfolio is very high-risk and high-return.**

"I am hoping that your suggested investment portfolio would generate 1,000% annual return every year until I retire!"

J.P.Morgan
Asset Management