Portfolio Analysis and Optimization Report

Executive Summary

This report provides a detailed analysis of the current investment portfolio, which consists of significant positions in two major technology stocks: Apple Inc. (AAPL) and Alphabet Inc. (GOOGL). The total invested capital stands at $2400, with the current portfolio value at $4201.28, reflecting a substantial overall return of 75.05%. The portfolio shows considerable gains but lacks diversification, which increases risk exposure particularly to the technology sector. Recommendations are provided to optimize the portfolio for medium risk tolerance by enhancing sector diversification, incorporating fixed-income securities, and considering international exposure.

Current Portfolio Composition

- **Total Invested**: $2400.00

- **Total Current Value**: $4201.28

- **Total Profit/Loss**: $1801.28

- **Overall Return**: 75.05%

Individual Stock Performance

1. **AAPL (Apple Inc.)**

- **Invested**: $1200.00

- **Current Value**: $2246.60

- **Profit/Loss**: $1046.60

- **Return**: 87.22%

- **Allocation**: 53.47%

2. **GOOGL (Alphabet Inc.)**

- **Invested**: $1200.00

- **Current Value**: $1954.68

- **Profit/Loss**: $754.68

- **Return**: 62.89%

- **Allocation**: 46.53%

Key Observations

- **High Concentration in Technology Sector**: Both stocks are within the tech sector, increasing vulnerability to sector-specific downturns.

- **Limited Diversification**: The portfolio is currently invested in only two stocks, lacking diversification across different sectors and asset classes.

Recommendations for Portfolio Optimization

1. **Increase Diversification Across Sectors**

- **Add Investments in Other Sectors**: Consider stable sectors like utilities, healthcare, and consumer staples, potentially adding stocks such as Johnson & Johnson (JNJ) or Procter & Gamble (PG).

2. **Incorporate Fixed-Income Securities**

- **Add Bonds**: To mitigate risk and stabilize returns, integrating 20-30% of the portfolio into fixed-income securities like government or corporate bonds is advisable.

3. **Consider International Exposure**

- Diversifying geographically can reduce risk and tap into growth opportunities in emerging markets.

Conclusion

While the current portfolio has performed exceptionally well with a 75.05% return, it is highly concentrated in the technology sector and lacks broad diversification. By following the outlined recommendations, the portfolio can achieve a more balanced risk profile suitable for an investor with medium risk tolerance, potentially leading to more stable and consistent returns over the long term.