

# Investment Portfolio Analysis Report

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## Executive Summary

Executive Summary: This investment portfolio, tailored for our esteemed client with a balanced growth orientation and a medium risk tolerance, is meticulously designed to align with their primary goal of purchasing a home within the next decade. The portfolio, valued at \$500,000, employs a strategic asset allocation approach, diversifying across equities, fixed income, and alternative investments to optimize returns while managing risk. With an expected annual return of 0.1%, this portfolio offers a compelling balance between growth potential and capital preservation, resonating perfectly with our client's 10-year investment horizon and annual income of \$420,000. The risk score of 6.8/10 underscores our commitment to maintaining a prudent risk posture, ensuring the portfolio remains robust amidst market fluctuations. This bespoke solution not only supports our client's immediate aspirations but also positions them favourably for long-term financial stability.

## Portfolio Allocation

Asset Class	Allocation %
Bonds & Fixed Income	40.0%
Equities	10.0%
Commodities	50.0%

## Allocation Rationale

1. The specific allocation mix of a standard balanced portfolio typically consists of a 60% equity (stocks) and 40% fixed income (bonds) split. This mix is chosen due to its historical performance, which has shown a balance between growth potential and capital preservation. Equities offer higher returns over the long term but come with greater volatility, while bonds provide steady income and lower risk.
2. This allocation aligns with the client's medium risk tolerance as it balances the potential for growth with the need for stability. The 10-year time horizon allows for a longer investment period, enabling the client to weather short-term market fluctuations and benefit from the compounding effect of equities.
3. In terms of regional and sector preferences, a well-diversified balanced portfolio would include a mix of domestic and international equities across various sectors such as technology, healthcare, financials, and consumer goods. This diversification helps mitigate risks associated with any single region or sector underperforming. Fixed income investments could include government and corporate bonds, further spreading risk.
4. This allocation strategy directly addresses the client's goal of buying a home within 10 years. The equity component provides growth potential, while the fixed income component offers stability and

regular income. As the home purchase approaches, the portfolio can be gradually rebalanced towards more conservative investments to protect the accumulated capital.

In summary, the standard balanced allocation offers a prudent approach that matches the client's risk profile and investment timeline, while also providing the necessary growth and stability to achieve their goal of purchasing a home.

# Asset Allocation Table

Total Portfolio Value: **\$100,000.00** | Holdings: **3** assets

Symbol	Asset Name	Weight %	Value (\$)
IAU	IAU	50.00%	\$50,000.00
SGOL	SGOL	10.00%	\$10,000.00
BND	BND	40.00%	\$40,000.00
<b>TOTAL</b>		<b>100.00%</b>	<b>\$100,000.00</b>

## Selection Rationale

1. Vanguard Total Stock Market Index Fund (VTSAX):

- This fund was selected as a core holding due to its broad market exposure, low expense ratio, and strong historical performance. It provides diversification across various sectors and company sizes, aligning with the client's medium risk profile. The fund's ESG integration considers environmental, social, and governance factors, contributing to the overall strategy of responsible investing.

2. Vanguard Total Bond Market Index Fund (VBTIX):

- This bond fund was chosen for its diversification benefits and lower volatility compared to equities. It helps manage risk and provides income through interest payments. The fund's investment-grade bonds align with the client's medium risk profile and contribute to the overall strategy by balancing growth and capital preservation.

3. Vanguard Real Estate Index Fund (VGSIX):

- This real estate investment trust (REIT) fund was included to provide exposure to the real estate sector, which can offer potential appreciation and income through rental payments. Given the client's goal of buying a home, this investment aligns with their objective and contributes to the overall strategy by focusing on a relevant asset class.

4. Vanguard FTSE Social Index Fund (VFTAX):

- This fund was selected to meet the client's ESG preferences by investing in companies with strong environmental, social, and governance practices. The fund's exclusion of controversial industries, such as tobacco and firearms, aligns with the client's custom constraints and supports the overall strategy of responsible investing.

5. Vanguard International Stock Index Fund (VTIAX):

- This global equity fund was chosen for its diversification benefits and exposure to international markets. It complements the domestic equity holdings and provides opportunities for growth in various economies. The fund's ESG integration further supports the client's preferences and contributes to the overall strategy by offering global diversification.

In summary, these investments were carefully selected to create a well-diversified portfolio that balances growth, income, and risk management. Each holding plays a specific role in achieving the client's investment goals while adhering to their risk profile and ESG preferences. The portfolio's diversification across asset classes, sectors, and geographies helps mitigate concentration risk and enhances the potential for long-term returns.

## Risk Assessment

## Next Steps

1. Review this analysis with your financial advisor
2. Monitor portfolio performance against benchmarks
3. Schedule quarterly portfolio review meetings
4. Update investment profile if circumstances change
5. Consider tax-loss harvesting opportunities

**Disclaimer:** This report is for informational purposes only and does not constitute financial advice. Past performance does not guarantee future results. Please consult with a qualified financial advisor before making investment decisions.