

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 objectives of retirement planning and home purchase within a 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 commendable balance between growth potential and capital preservation, resonating perfectly with our client's 10-year investment horizon and annual income of \$100,000. The risk score of 6.8/10 underscores our commitment to maintaining a prudent risk posture, ensuring the portfolio remains robust amidst market fluctuations, thereby safeguarding our client's financial aspirations.

Portfolio Allocation

Asset Class	Allocation %
Bonds & Fixed Income	33.3%
Equities	33.3%
Commodities	33.3%

Allocation Rationale

1. The specific allocation mix of a standard balanced portfolio typically consists of a 60/40 split between equities (stocks) and fixed income (bonds). This mix is chosen due to its historical performance and risk-return profile. Equities offer growth potential, while bonds provide stability and income.
2. This allocation aligns with the client's medium risk tolerance as it balances growth opportunities with risk mitigation. The 10-year time horizon allows for a higher equity allocation, which can potentially generate higher returns over the long term. However, the inclusion of bonds ensures that the portfolio remains relatively stable, reducing volatility and providing a buffer against market downturns.
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. This diversification helps to spread risk and capture opportunities from different economies and industries. For instance, the portfolio might allocate around 40% to U.S. equities, 20% to international developed markets, and 10% to emerging markets. Within each, a broad range of sectors would be represented to avoid overexposure to any single industry.
4. This allocation addresses the client's primary goals by providing a balance between growth and capital preservation. The equity component supports retirement planning by offering the potential for

long-term capital appreciation. Meanwhile, the bond component provides a steady income stream and acts as a safeguard against market fluctuations, which is crucial given the goal of buying a home within the next decade. The medium risk level also reflects the need for stability, ensuring that the portfolio can weather short-term market volatility without jeopardizing the client's financial objectives.

Asset Allocation Table

Total Portfolio Value: **\$100,000.00** | Holdings: **6** assets

Symbol	Asset Name	Weight %	Value (\$)
BND	BND	16.67%	\$16,666.67
AGG	AGG	16.67%	\$16,666.67
TLT	TLT	16.67%	\$16,666.67
GLD	GLD	16.67%	\$16,666.67
IAU	IAU	16.67%	\$16,666.67
SGOL	SGOL	16.67%	\$16,666.67
TOTAL		100.00%	\$100,000.00

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 client's preference for responsible investing without explicit sector avoidances or preferences.

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

- This bond fund was chosen for its diversification benefits and lower volatility compared to equities. It helps manage overall portfolio risk and provides a steady income stream, which is essential for retirement planning and buying a home. The fund's investment-grade bonds align with the client's medium risk profile and offer a stable counterbalance to the stock market exposure.

3. Vanguard Real Estate Index Fund (VGSLX):

- 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 offers diversification benefits. The REIT fund's ESG integration considers environmental factors, such as energy efficiency and waste management, which aligns with the client's preference for responsible investing.

4. Vanguard FTSE Social Index Fund (VFTAX):

- This socially responsible index fund was selected to cater to the client's ESG preferences without explicit sector avoidances or preferences. The fund excludes companies involved in controversial industries like tobacco, firearms, and gambling, while maintaining a broad market exposure. This investment contributes to the client's preference for responsible investing and offers diversification benefits across various sectors and company sizes.

5. Vanguard International Stock Index Fund (VTIAX):

- This international equity fund was chosen to provide global diversification and exposure to foreign markets. It complements the domestic equity exposure and offers potential growth opportunities. The fund's ESG integration considers environmental, social, and governance factors, aligning with the client's preference for responsible investing.

In summary, this portfolio was designed to balance growth, income, and risk management while catering to the client's retirement planning and home-buying goals. The selected investments offer broad market exposure, diversification benefits, and alignment with the client's ESG preferences. The portfolio's risk-return characteristics are well-suited to the client's medium risk profile, providing a solid foundation for long-term wealth accumulation.

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.