

Security Analysis & Portfolio Management

Braden Lowe

Trevor Nelson

Braden Winget

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Executive Summary

This \$100,000 investment portfolio prioritizes sustained long-term growth with moderate risk, guided by ethical principles from Daniel's Fund Core Values. Focused on identifying undervalued securities through diverse valuation methods, it considers economic factors, such as the U.S. facing 7% mortgage rates and 3.7% inflation as of October 12, 2023. Given geopolitical events like Russia/Ukraine and Israel/Palestine conflicts, sectors like defense and international trade are monitored. The portfolio, allocating 70% to stocks and 20% to bonds and 10% in cash, seeks a balance between growth and risk, leveraging bonds' potential in a high-interest rate environment.

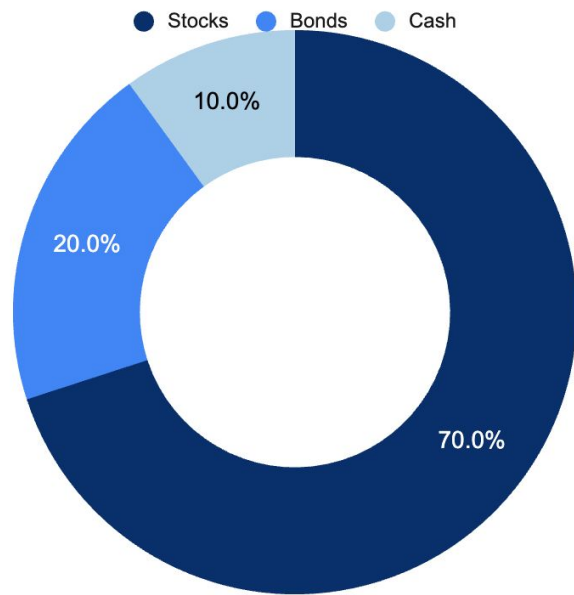
Investor Policy Statement

- ❑ Long Term Growth (5 yrs)
- ❑ Moderate Risk Tolerance
- ❑ NASDAQ and NYSE
- ❑ No financial derivatives
- ❑ Ethical securities that align with Daniels Fund Core Values

Market Forces

- Assessing Environmental Forces
 - Economic factors crucial for investment evaluation.
- Key Economic Factors
 - Interest Rates:
 - U.S. mortgage rates at 7%, favoring bonds.
 - Inflation:
 - U.S. inflation at 3.7%, influencing purchasing power.
- Geopolitical Events
 - Ongoing conflicts (Russia/Ukraine, Israel/Palestine).
 - Potential impact on defense and trade sectors.

Asset Allocation



- 5.2% bond yield
- Cash for operating expenses
- Stocks for growth

Security Selection

Apple (NASDAQ: AAPL) 5% Weight

Amazon (NASDAQ: AMZN) 5% Weight

Tesla (NASDAQ: TSLA) 5% Weight

JPMorgan Chase & Co. (NYSE:JPM) 5% Weight

Coca Cola (NYSE: KO) 5% Weight

U.S. 1 Year Treasury Bill (TMUBMUSD01Y) 20%
weight

Correlation Heat Map

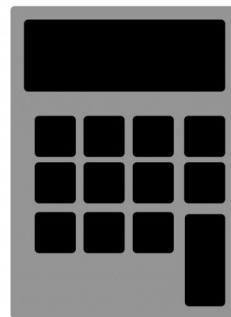


Apple (NASDAQ:AAPL)



- ❑ More than 50% market share in Tech Sector
- ❑ Strong brand name and devoted client base

- ❑ Beta 1.31 (5y Monthly)
- ❑ 46.33% Expected Annual Return (CAPM)
- ❑ 0.82 Risk/Return (Coefficient of Variation)



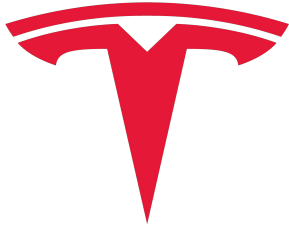
Amazon (NASDAQ: AMZN)

- ❑ Is a dominant player in two key markets:
Ecommerce and Cloud Computing.
- ❑ In the Consumer Discretionary Sector
- ❑ Cloud Computing Service expected to see compound
annual growth rate by 15.7% until 2030.



- ❑ Beta 1.17 (5yr Monthly)
- ❑ 16.11% Expected Annual Return (CAPM)
- ❑ 2.035 Risk/Return (Coefficient of Variation)

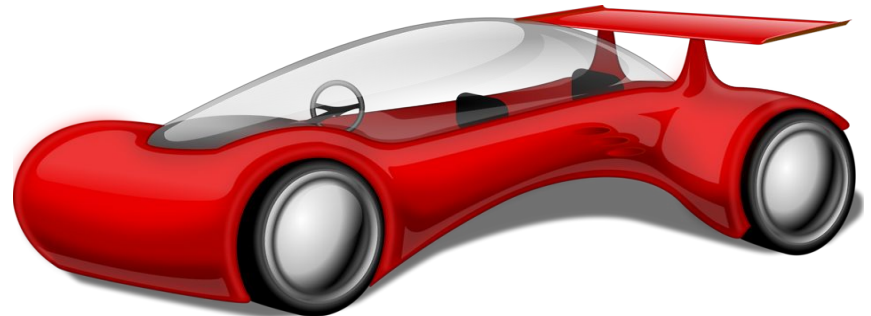
TESLA (NASDAQ: TSLA)



TESLA

- ❑ Beta 2.26 (5y Monthly)
- ❑ 168.55% Expected Annual Return (CAPM)
- ❑ 1.003 Risk/Return (Coefficient of Variation)

- ❑ In both the Automotive sector, and Energy Generation and Storage sector
- ❑ Leader in Electric Vehicle Market (65% in 2022)



- ❑ Largest bank with \$3.38T in assets
- ❑ Investment Banking, Financial Services, Commercial Banking, Asset Management



- ❑ Beta 1.11 (5yr Monthly)
- ❑ 16.5% Expected Annual Return (CAPM)
- ❑ 1.87 Risk/Return (Coefficient of Variation)

JPMorgan Chase & Co. (NYSE:JPM)

Coca Cola (NYSE: KO)

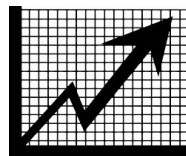
- ❑ 46.5% World Market Share
- ❑ Positive brand image with industry leading advertising and innovation



- ❑ Beta 0.58 (5yr Monthly)
- ❑ 7.04% Expected Annual Return (CAPM)
- ❑ 2.12 Risk/Return (Coefficient of Variation)
- ❑ 3.14% Annual Dividend Yield (\$1,884 over 5 years)

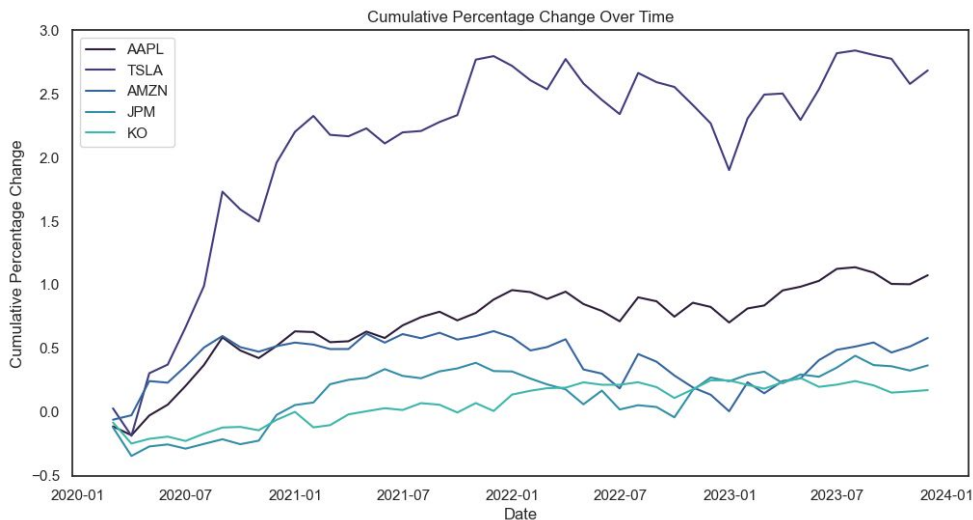
Conclusion

- ❑ Portfolio Beta 1.286
- ❑ Expected Return 9.13%
- ❑ 0.214 Risk/Return (Coefficient of Variation)



- ❑ Well diversified selection of stocks
- ❑ More expected return and more risk
- ❑ Liquid investments

- ❑ Fixed Income
- ❑ High interest period
- ❑ Risk-Free 5.2%
- ❑ Maturity is near presidential election



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