

J.D. Williams, Inc.

To: Client

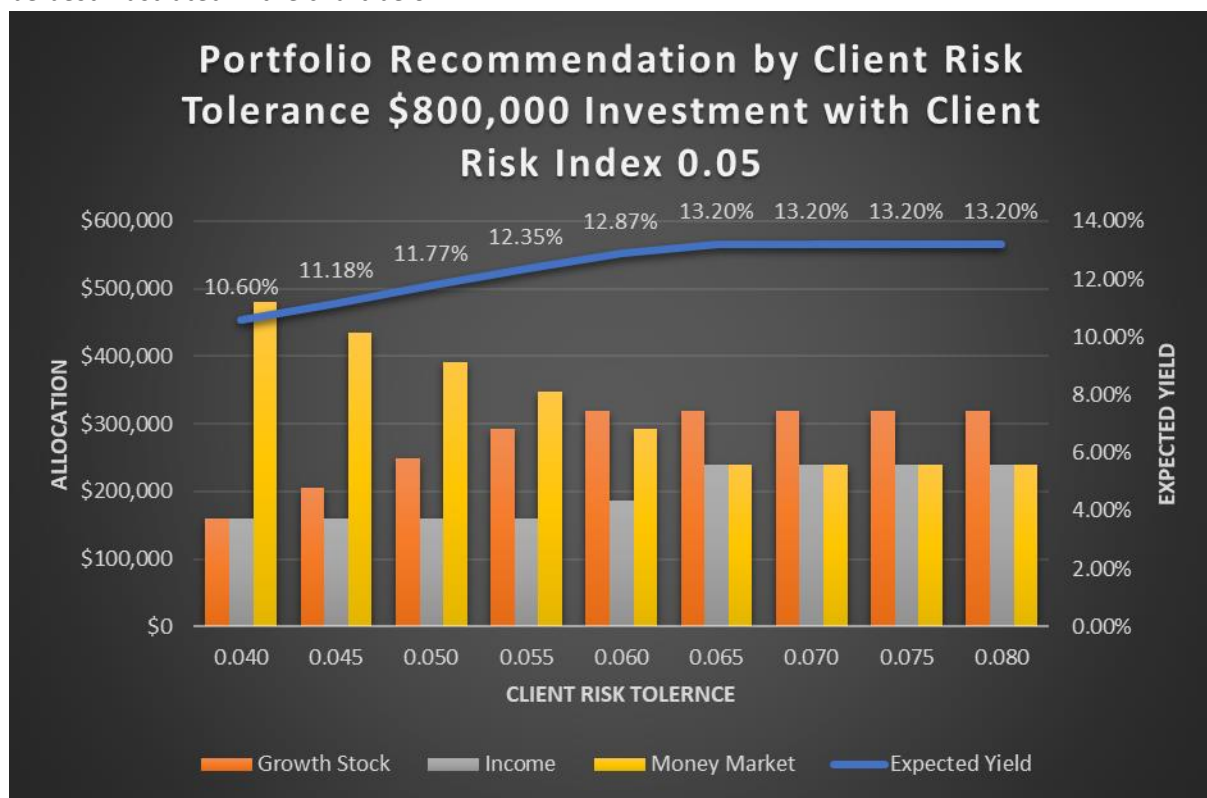
From: Alex Pettis

Date: November 10, 2022

Dear Client,

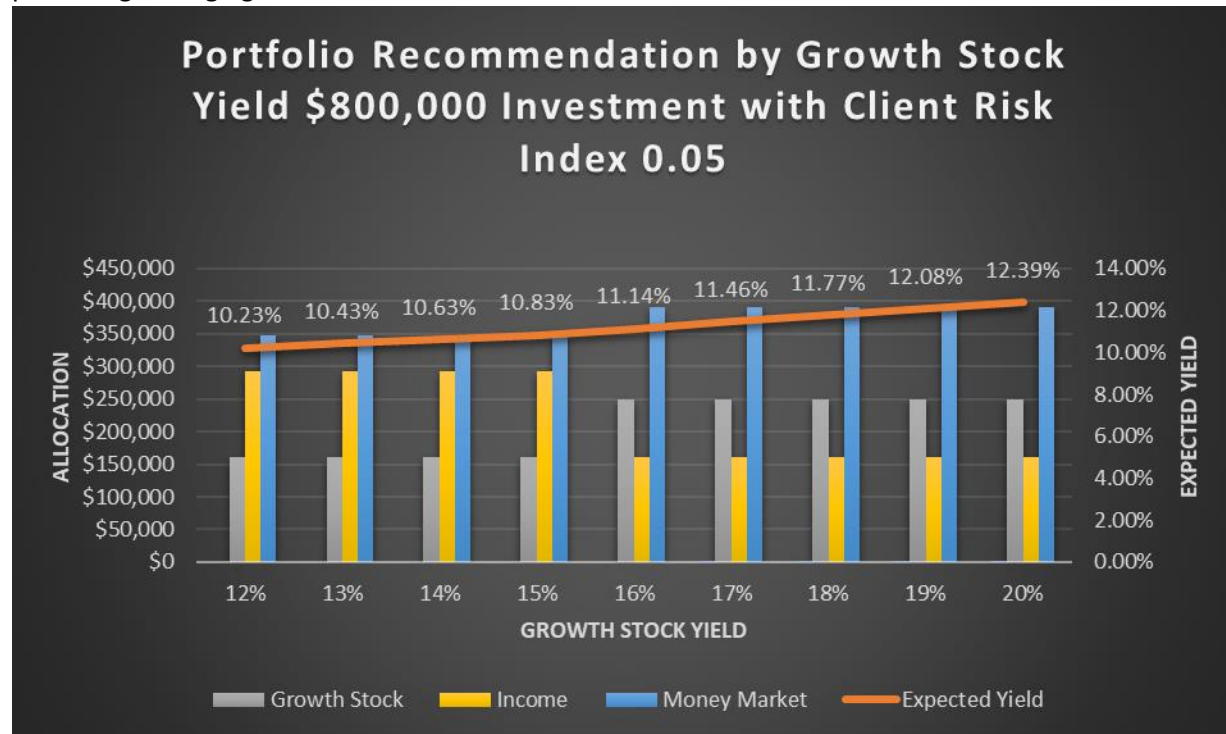
Based on the information we discussed in our meeting; I have reached an answer as to how much you should invest in each fund. You should invest \$248,889 in growth stock, \$160,000 in income, and \$391,111 in money market. With these results you should expect a yield of 11.77%.

Then I experimented with risk indexes ranged from 4% up to 8% in 0.5% increments. The scenarios can be best illustrated in the chart below.



If we were to look at 5.5% risk index, we would see that the expected yield would increase to 12.35% with \$293,333 invested in growth stock, \$160,000 invested in income, and \$346,667 invested in money market.

Next, I decided to experiment with changing the growth stock annual yield. I looked at annual yield percentages ranging from 12% to 20% in 1% increments which are illustrated in the chart below.



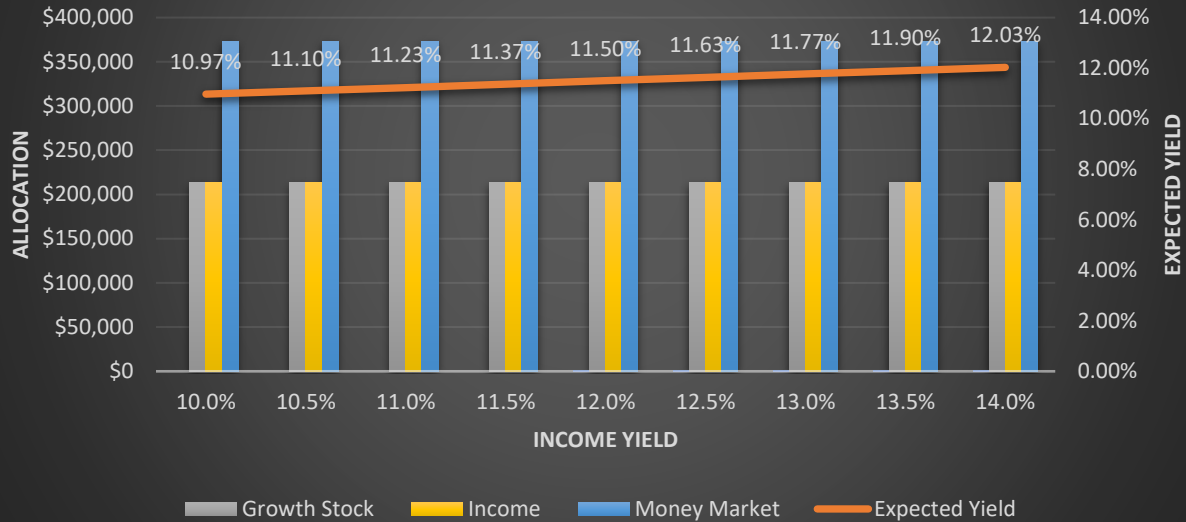
Specifically, looking at the changing the yield to 14% means \$293,333 should be invested in growth stock, \$293,333 in income, and \$346,667 in money market. Now looking at 16% yield it would be wise to invest \$248,889 in growth stock, \$160,000 in income, and \$391,111 in money market.

The third scenario I look at was having the growth stock be limited based on the income yield. I experimented with the Income yield being ranged from 10% to 14% in 0.5% increments. The scenarios can be best illustrated in the chart.

Portfolio Recommendation by Income Yield

\$800,000 Investment with Client Risk Index 0.05

Growth Stock Allocation <= Income Allocation



Based on the model I described I would recommend this to any client. Simply, put the model helps a client wisely choose where to invest their money without all their money invested in one fund but making sure they have a chance of making money by investing in all three funds.