

Asset Allocation

Yiqun Cao, Melody Wan, Benjamin Chang,
Alex Voskuil, Jessica Fung, Sam Lu, Gawon Lee

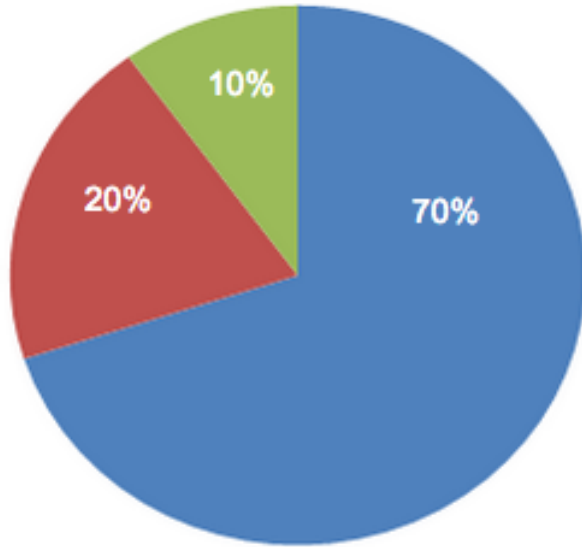
Introduction to Asset Classes

Name	Definition	Examples
Cash	Legal tender or coins that can be used in exchange goods, debt, or services	Bank accounts, marketable securities
Commodities	A basic good used in commerce that is interchangeable with other commodities of the same type	Oil, silver, gold
Equities	An ownership interest in a company or portion of a company that is not publicly owned, quoted or traded on a stock exchange	Growth stock, value stock
Fixed Income	Real return rates or periodic income is received at regular intervals at reasonably predictable levels	Municipal bonds, government bonds, floating rate notes

Client Background: Rachel Zhao

- α Plans to retire and settle with grandchildren after selling her second company; intends to contribute to her alma mater and to charitable organizations
- α Neither risk-seeking nor risk-averse
- α Current consumption includes 1-2% drawn from portfolio annually
- α **Seeking two specific products from allocation**

Client Background: Previous Portfolio

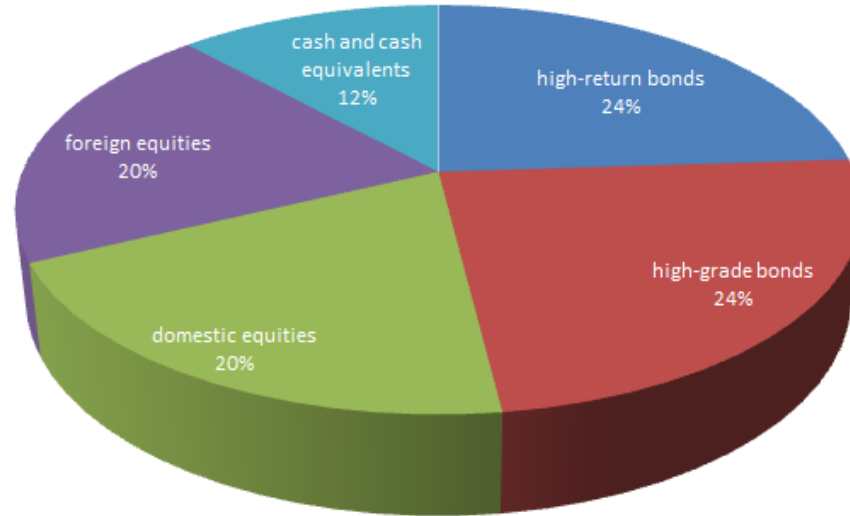


■ Fixed Income ■ Equities ■ Cash

Class	Amount Invested
Fixed Income	\$35,000,000
Equities	\$10,000,000
Cash	\$5,000,000
Total	\$50,000,000

Expected Portfolio

Asset Allocation Model



T. Rowe Price Health Sciences Fund

α **Type:** Domestic Growth Health Care Equity

α **Description:** The investment seeks long--term capital appreciation. The fund normally invests at least 80% of its net assets (including any borrowings for investment purposes) in the common stocks of companies engaged in the research, development, production, or distribution of products or services related to healthcare, medicine, or the life sciences ("health sciences"). While it can invest in companies of any size, the majority of fund assets are expected to be invested in large- and mid-capitalization companies.

Osterweis Strategic Income Fund

α **Type:** Fixed Income Multisector Bond

α **Description:** The investment seeks to preserve capital and attain long-term total returns. The fund invests primarily in income bearing securities, including a wide range of debt and dividend-paying equity securities. Its fixed income investments include, U.S. Federal and Agency obligations, investment grade corporate debt, domestic high yield debt, floating-rate debt, convertible debt, collateralized debt, municipal debt, foreign debt and/or depositary receipts and preferred stock. The fund may also invest up to 100% of its assets in foreign debt (including emerging markets) and/or depositary receipts.

Risk Assessment

- α Average yearly return at 13% with great deviation.
- α Median to high risk with great long-term capital appreciation potential.

Thank You!