

Zingale Financial Literacy Challenge



How To Construct Your Personal Budget and Investing Plan

**Completed Plans Must Be Printed Out And
Delivered To Chris Allison's Mailbox In
Quigley Hall By The Morning of Thursday,
December 1, 2023**



Your Entry Should Include

- Cover Sheet With All of Your Contact Information
- A Table of Contents
- Introduction
- Personal Budget
- Personal Investment Plan
- Economic Outlook

Personal Investing Plan

Major Components

- Title Page
- Investment Philosophy & Strategy
- Asset Allocation
- Funds That I Am Choosing
- Economic Outlook

Every Number, Statement or Conclusion Must Have A Source & Citation!

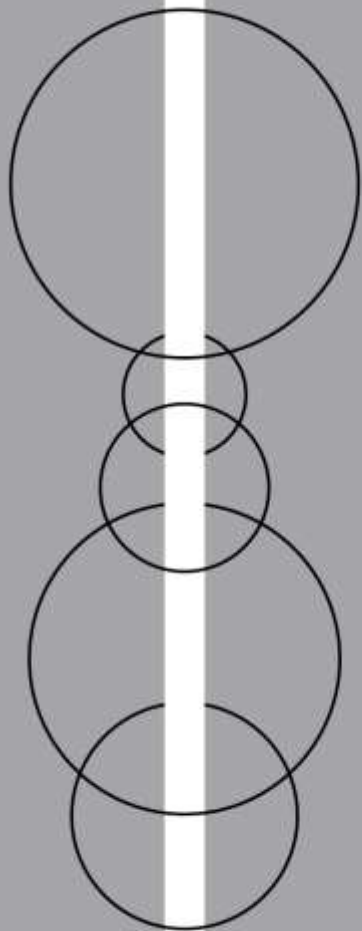


Write Clearly & With Care For The Reader

**"Respect your reader.
The niftiest turn of phrase,
the most elegant flight of
rhetorical fancy, isn't worth
beans next to a clear thought
clearly expressed."**

~JEFF GREENFIELD

Blog.WriteAtHome.com

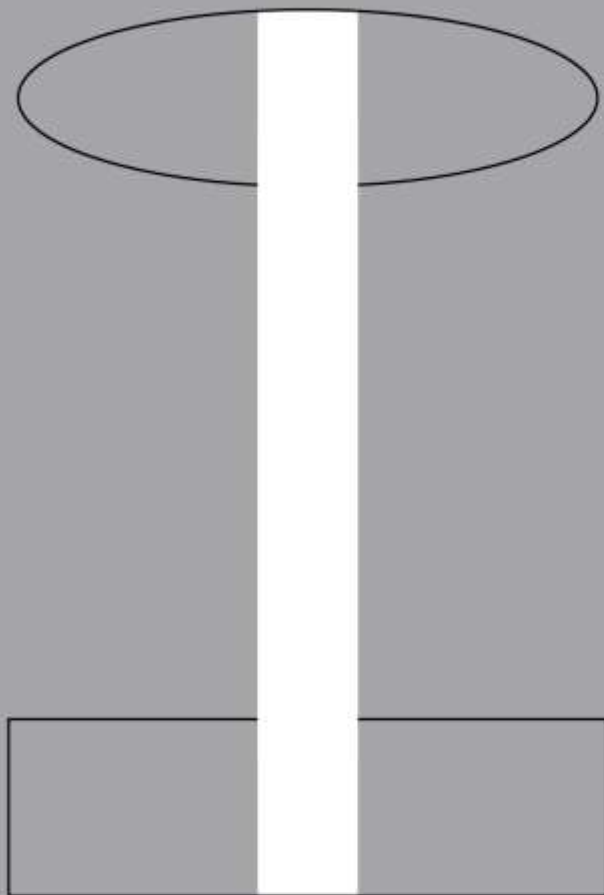


Write so that you cannot be misunderstood

Careful writers are ever alert to the many ways they might be understood. Ambiguity often results from a single sentence carrying too much cargo. Breaking up your sentences can work wonders.

THE PRINCIPLES OF
EFFECTIVE WRITING FROM
WRITING THAT WORKS,
BY KENNETH ROMAN AND
JOEL RAPHAELSON

Ogilvy

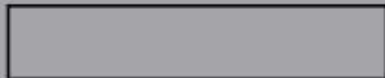


Use down-to-earth language

The use of professional jargon arises more out of fear than arrogance – avoid it. There is always a simple, down-to-earth word that says the same thing as the vague abstraction. Write the way you talk.

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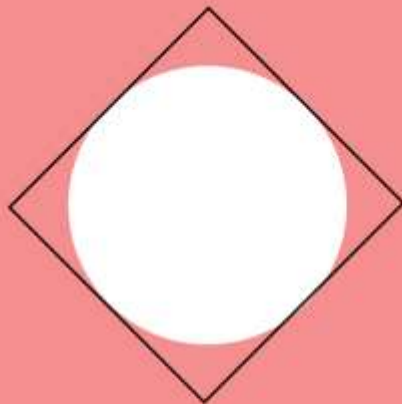
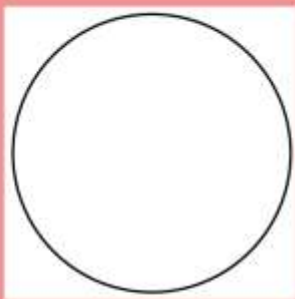
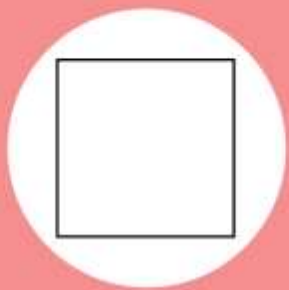


Use short paragraphs, short sentences—and short words

Make your first paragraph short and crisp to get the reader's attention. When it comes to the use of words, prefer short words to long ones that mean the same thing.

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Choose the right word

Know the precise meaning of every word you use. Do not use words that might be confusing to your reader. Especially do not confuse words yourself; your reader may conclude that you don't know any better. Illiteracy does not breed respect.

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An abstract graphic on the left side of the page consists of several tilted rectangles. Some are solid black, while others are white with black outlines. They are arranged in a vertical, slightly staggered fashion, creating a sense of movement or a staircase effect.

Avoid vague adjectives and adverbs

State your meaning precisely; do not be vague. Do not say 'very overspent'; say 'overspent by \$10,000' instead. Say 'one day late', not 'slightly behind schedule'. Only use those adjectives and adverbs that make your meaning more precise.

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Make it perfect

No typos, no misspellings, no errors in numbers or dates. However minor they may seem to you, your reader will start questioning how much care and thought you have put into it.

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Your Budget



Your Budget

- How Much You Will Make?
- How Much Will Your Expenses Be?
- How Much Will You Save?
- Where Will You Invest?



Your Budget

- Salary Less Taxes = Take Home
- Less Rent
- Less Food
- Less Utilities (includes internet)
- Less Insurances
- Less Student Loan Bill
- Less Credit Card Bill
- Less Clothing
- Less Entertainment
- Less Savings

Monthly Expense	Budget	Monthly Expense	Budget
Deductions		Personal & Health	
Savings (to set aside)	\$	Clothing	\$
Child Support, Alimony etc.	\$	Toiletries & Care Products	\$
Other:	\$	Haircuts	\$
Housing		Gym & Sport Club Dues	\$
Rent or Mortgage payment	\$	Health, Life, etc. Insurance	\$
Utilities	\$	Doctor & Dentist Visits	\$
Home Insurance & Taxes	\$	Prescription & OTC Drugs	\$
Other:	\$	Other:	\$
Debt Payment		Education	
Credit Card Payments (min)	\$	Tuition	\$
Other Loans:	\$	Books & Fees	\$
Food		Supplies	\$
Groceries	\$	Other:	\$
Eating Out	\$	Entertainment	
Coffee & Bar	\$	Tickets for Shows & Games	\$
Other:	\$	Books & Magazine subscr.	\$
Transportation		DVDs, CDs, Video Games	\$
Car Payment	\$	Other:	\$
Car Insurance + Taxes	\$	Miscellaneous	
Car Maintenance	\$	Charity, Gifts & Offerings	\$
Gas	\$	Pet Supplies & Vet	\$
Public Transit, Parking, Tolls	\$	Entertaining Guests	\$
Other:	\$	Cash not Accounted for	\$
Family		Other:	\$
Day Care & Babysitting	\$		
Activities & Lessons	\$		
Allowances & Child Support	\$		
Other:	\$		

Summary Calculation

Monthly Net Income	\$
- Expenses Total	\$
= Monthly Spendable Income	\$

Our Targets

- Debt should be no more than 20% of your take home pay.
- Housing should be no more than 30% of your take home.
- Savings should be AT LEAST 10% of your take home pay.

What Will You Make?



LIBERAL-ARTS MAJORS	0-5 yrs	10-20 yrs	20+ yrs
English lang. & literature	\$39,000	\$69,000	\$73,000
History	41,000	72,000	81,000
International relations	44,000	74,000	119,000
Philosophy	42,000	82,000	97,000
Political science	43,000	77,000	89,000
Psychology	38,000	60,000	69,000

OTHER MAJORS

Accounting	\$47,000	\$73,000	\$84,000
Business management	45,000	69,000	81,000
Civil engineering	56,000	89,000	108,000
Computer science	63,000	103,000	116,000
Hospitality management	39,000	60,000	70,000
Nursing	57,000	73,000	75,000

Note: Data is for bachelor's degree Source: PayScale

THE WALL STREET JOURNAL.

Places To Look For Salary Information

- Glassdoor
- PayScale
- Indeed
- SalaryList
- Salary Expert
- Bureau of Labor Statistics



How Much Will You Pay In Taxes?



You Need To Deduct From Your Pay ...

- Federal Taxes
- State Taxes
- Local Taxes
- FICA
 - Social Security
 - Medicare

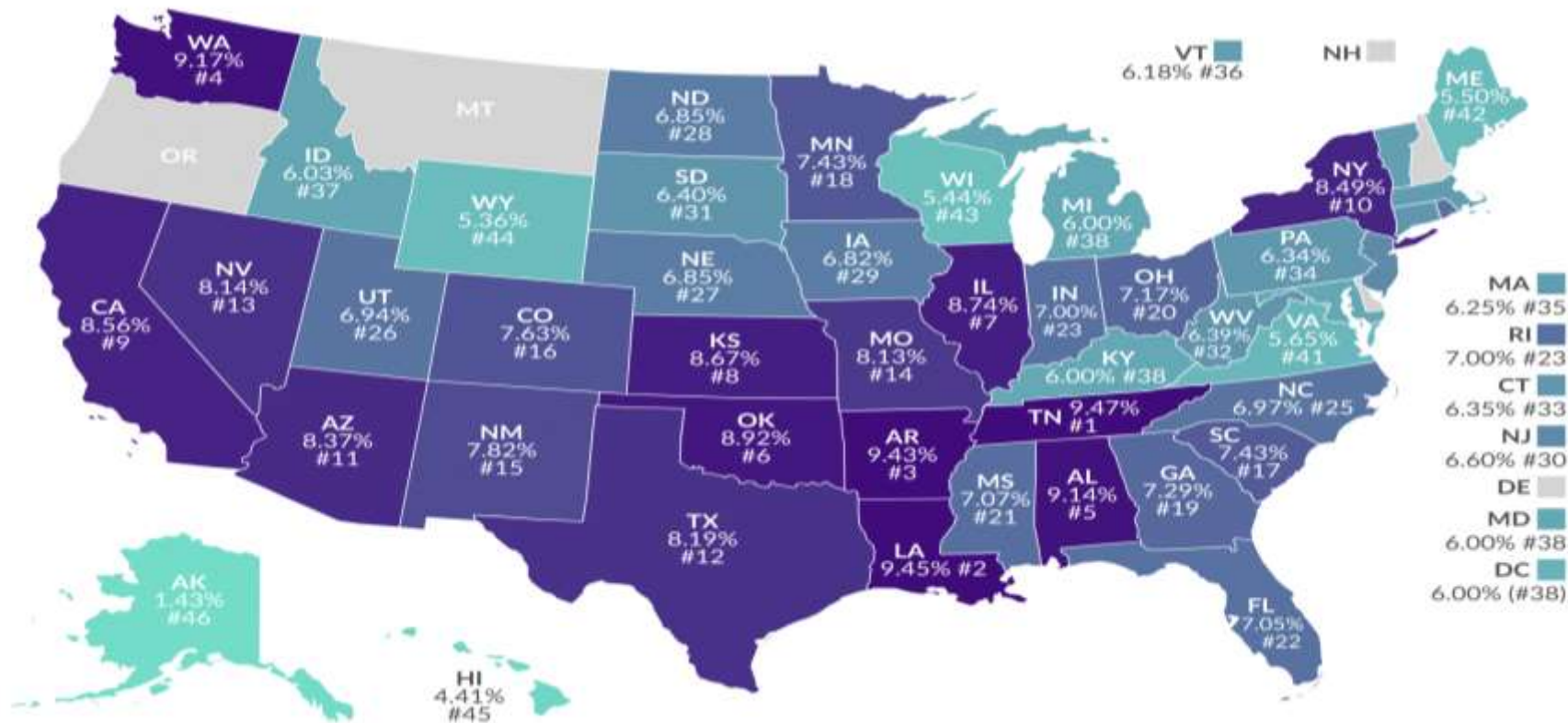


Federal Tax Brackets

Individual Taxpayers

If Taxable Income Is Between:	The Tax Due Is:
0 - \$9,700	10% of taxable income
\$9,701 - \$39,475	\$970 + 12% of the amount over \$9,700
\$39,476 - \$84,200	\$4,543 + 22% of the amount over \$39,475
\$84,201 - \$160,725	\$14,382.50 + 24% of the amount over \$84,200
\$160,726 - \$204,100	\$32,748.50 + 32% of the amount over \$160,725
\$204,101 - \$510,300	\$46,628.50 + 35% of the amount over \$204,100
\$510,301 +	\$153,798.50 + 37% of the amount over \$510,300

State Taxes



City of Pittsburgh Income Tax

- Residents of **Pittsburgh** pay a flat **city income tax** of 3.00% on earned **income**, in addition to the Pennsylvania **income tax** and the Federal **income tax**. Nonresidents who work in **Pittsburgh** pay a local **income tax** of 1.00%, which is 2.00% lower than the local **income tax** paid by residents.

F.I.C.A.

- FICA stands for the Federal Insurance Contribution Act tax, which was passed in 1935 as part of the Social Security Act.
- Also includes Medicare.
- It is 7.86% of Gross Pay.

Taxes On \$50,000 Per Year

Your Income Taxes Breakdown

Tax Type	Marginal Tax Rate	Effective Tax Rate	2018 Taxes*
Federal	12.00%	8.74%	\$4,370
FICA	7.65%	7.65%	\$3,825
State	3.07%	3.07%	\$1,535
Local	1.00%	1.00%	\$500
Total Income Taxes		20.46%	\$10,230
Income After Taxes			\$39,771
Retirement Contributions			\$0
Take-Home Pay			\$39,771

Insurances You Will Need

- Health Insurance.
- Car Insurance.
- Renter's Insurance.
- Life Insurance.



Health Insurance

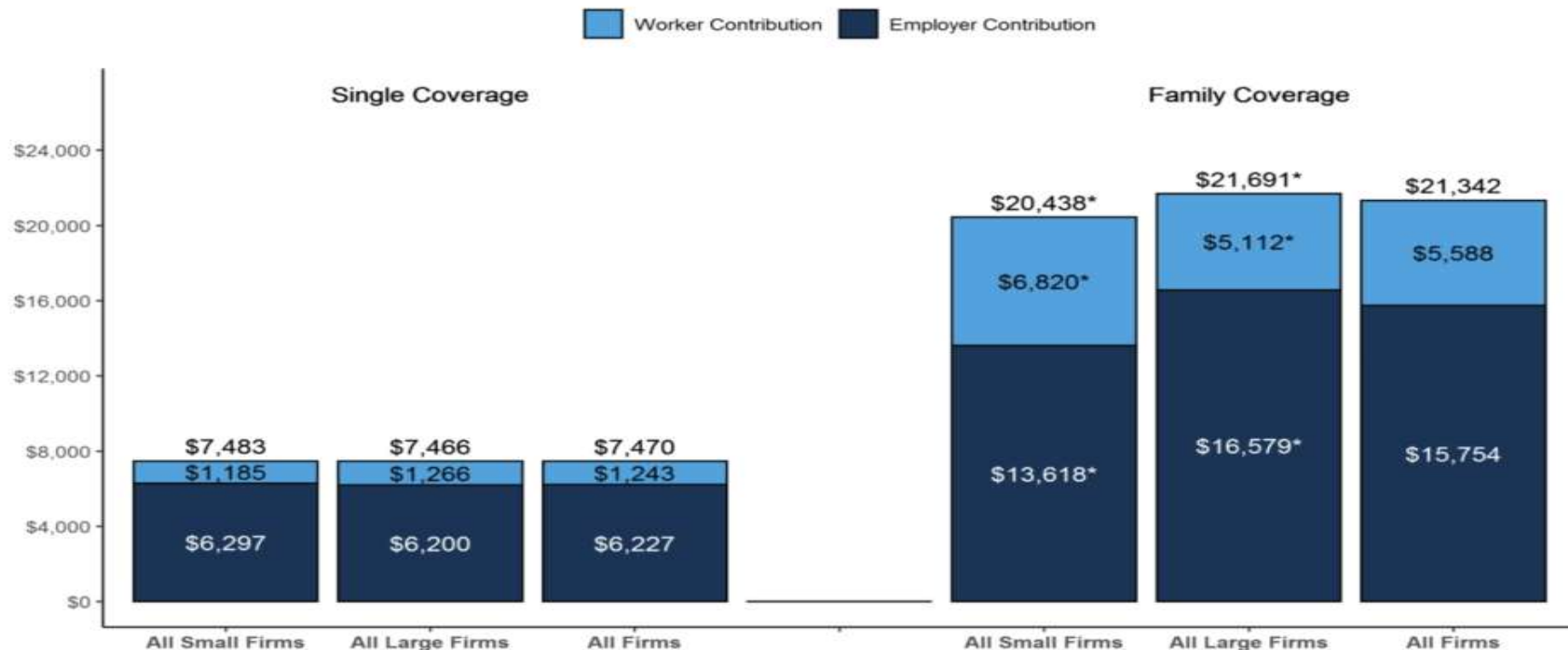
- Managed Care Programs
 - Doctors In A Network
- Health Maintenance Organization (HMO)
- Preferred Provider Organization (PPO)
- Exclusive Provider Organization (EPO)
- Point of Service Plan (POS)
- Health Savings Account
- Healthcare.Gov

Health Insurance

	HMO	EPO	POS	PPO
Primary Care Physician (PCP) required?	✓	✓	✓	✗
Out-of-Network coverage?	✗ Only in case of emergencies	✗ Only in case of emergencies	✓ usually costs more	✓ usually costs more
Referral to see a specialist?	<div>✓ if you have a gated HMO</div> <div>✗ if you have an open access HMO</div>	<div>✓ if you have a gated EPO</div> <div>✗ if you have an open access EPO</div>	✗	✗
Cost?	\$	\$	\$\$	\$\$\$

Figure 6.7

Average Annual Worker and Employer Premium Contributions and Total Premiums for Single and Family Coverage, by Firm Size, 2020

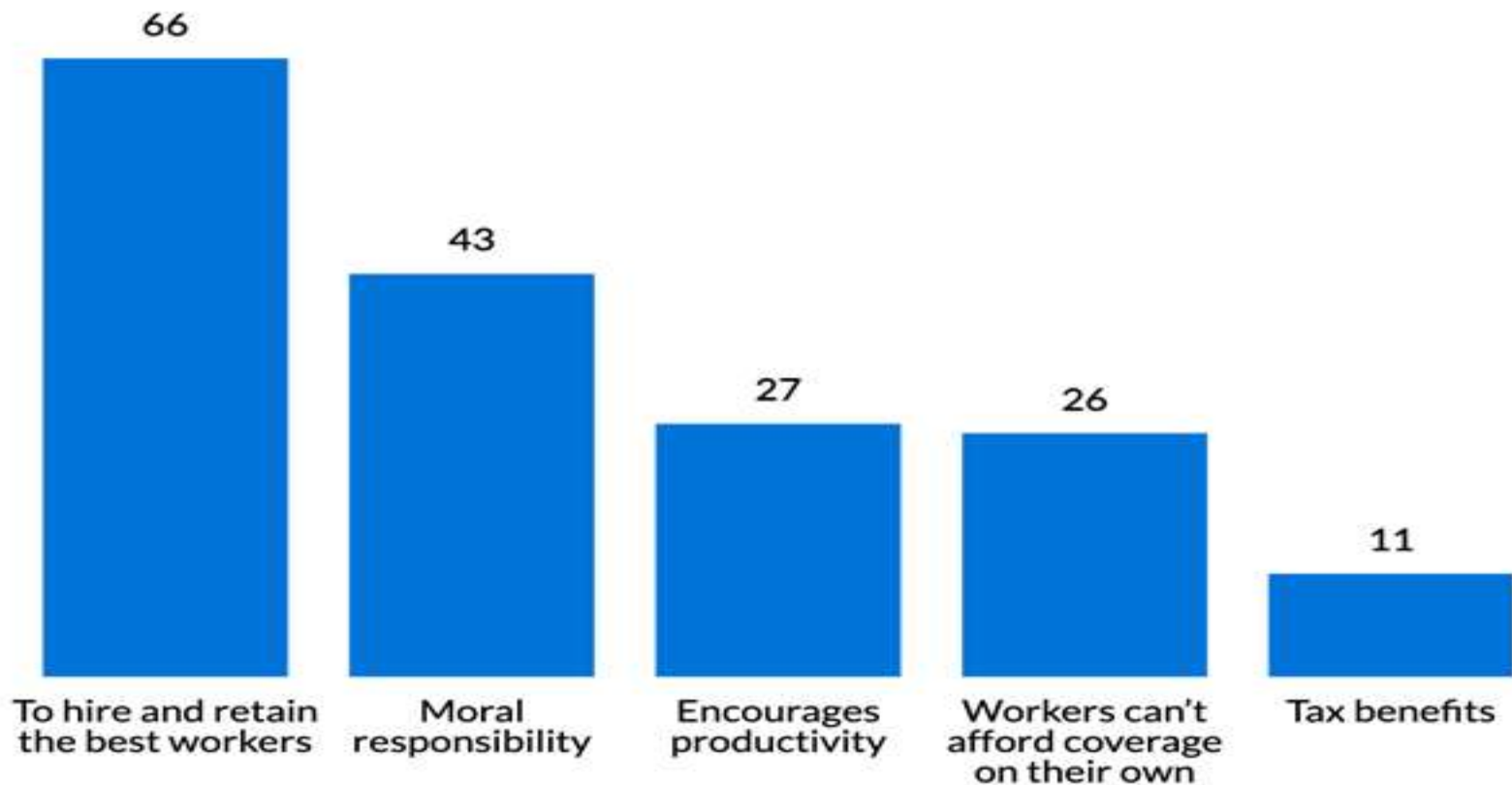


* Estimate is statistically different between All Small Firms and All Large Firms estimate ($p < .05$).

NOTE: Small Firms have 3-199 workers and Large Firms have 200 or more workers.

SOURCE: KFF Employer Health Benefits Survey, 2020

Top Reasons Why Employers Offer Health Insurance to Employees



Health Insurance

- HMO – Health Maintenance Organization
 - UPMC, Highmark,
- Health Savings Account
- Healthcare.Gov
- Can Stay On Your Parents Plan



**Average Employee Contribution Is
Approximately \$1,250 A Year or About \$105
Per Month**

Student Loans

- Average Monthly Student Loan Payment In US is **\$235**.
- Average Allegheny Graduate Student Loan Payment is **\$270**.
- Sign-up for electronic payment.
- Pay your bills on time.
- Prepay your student loans.
- Deduct your interest payments.

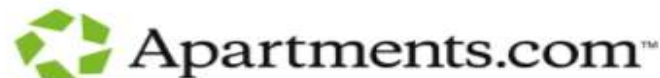


Getting Started

- You'll Need To Find An Apartment.
- Zillow Is A Great Source. There Are Others.
- Look In The City Where You Think You Will Live.
- Find An Allegheny Classmate And Split The Rent.

Average Rent In Pittsburgh Is \$1,327 to \$1,425. Split that number in two if you have a roommate.

Apartment Rent Websites



Getting Started Costs

- Dishes & Furniture For Your Apartment
 - Bedroom
 - Living Room
 - Kitchen
 - Pots, Pans, Utensils, & Serving
 - Utensils
 - Dishes, Cups & Glasses



Kitchen

- ☐ Table/chairs
- ☐ Pots & pans
- ☐ Dishes & bowls
- ☐ Cups/mugs
- ☐ Utensils
- ☐ Blender/mixer
- ☐ Coffee Pot/ teapot
- ☐ Toaster
- ☐ Microwave
- ☐ Can/bottle opener
- ☐ Oven mitts
- ☐ Dish towels
- ☐ Swiffer/duster
- ☐ Broom & dust pan
- ☐ Mop/bucket
- ☐ Dish soap
- ☐ Dish drying rack
- ☐ Sponges
- ☐ Paper towels stand
- ☐ Tupperware
- ☐ Wastepaper basket
- ☐ Water pitcher/filter
- ☐ ice trays
- ☐ Measuring cups

Laundry

- ☐ Hamper
- ☐ Ironing board
- ☐ Iron

Bathroom

- ☐ Bath towels
- ☐ Hand towels
- ☐ Bath mat
- ☐ Shower curtain
- ☐ Rug
- ☐ Cleaning supplies
- ☐ Scale
- ☐ Shower organizers
- ☐ Toilet plunger
- ☐ Toilet paper stand

Living Room

- ☐ Couch
- ☐ Chairs
- ☐ Coffee table
- ☐ TV stand
- ☐ Floor Lamp
- ☐ Curtains/blinds

Technology

- ☐ TV
- ☐ DVD/Blu Ray player
- ☐ Computer/laptop
- ☐ Wifi router

Bedroom

- ☐ Mattress
- ☐ Bed frame
- ☐ Pillows
- ☐ Comforter/ sheets
- ☐ Dresser
- ☐ Nightstand
- ☐ Curtains/blinds
- ☐ Nightstand
- ☐ Hangers
- ☐ Mirror
- ☐ Lamp
- ☐ Alarm clock

Misc.

- ☐ Vacuum
- ☐ Desk/chair
- ☐ Key hook
- ☐ Flashlight
- ☐ First Aid kit
- ☐ Batteries
- ☐ Light bulbs
- ☐ Surge protectors
- ☐ Fan
- ☐ Space heater
- ☐ Book shelf
- ☐ Screwdriver/ basic tools
- ☐ Garbage bags

Essentials To
Outfit Your
Apartment
Could Cost
\$3,000 to
\$5,000.

Getting Started - Clothes

- If your take-home is \$2500/month, put aside \$125-\$250 each month for work clothes.
- Shop seasonally, rather than every month, so you'll have \$375-\$750 to spend per season.

Women Spend On Average \$545 For Clothing A Year & Men Spend \$326 Per Year.

Getting Started - Food

- Make A Shopping List For A Week.
- Visit Giant Eagle & Walmart.
- Write Down The Prices.
- Get Bulk Items From Sam's Club.

**Average Moderate-To-Liberal
Costs Range From \$300 to \$500
For A Single Person.**

Getting Started – Internet & Phone



Internet services: \$57.25 per month; Cell phone plans: **\$50.17 per month**; Streaming services: \$39.96 per month; Total: \$147.38 per month.

Getting Started - Transportation

- Pick The City In Which You Will Live.
- Find Out Mass Transit Costs.
- Don't Drive To Work.
- Parking Is Expensive

Pittsburgh PAT Bus Past \$98

Per Month

Low-Cost Monthly Parking

Lesser \$200

Getting Started - Entertainment

- Go Out For Dinner Twice A Month
- Have Pot Luck Dinners With Friends
- Factor In Movies or Internet
- Attend Free Events
- Use The Outdoors
- Join The YMCA

**Typical Entertainment Budget For New
College Graduate Is \$202**

Laundry & Dry Cleaning

Average Monthly Household Expenses in the U.S.



Typical laundry & dry cleaning bill is \$120 per month.

What Types of Insurances Should You Be Thinking About?



Insurances

- Health Insurance
- Life Insurance
- Disability Insurance
- Car Insurance
- Home Owners Insurance



Basic Tips

- Compare Quotes Online
- Check With More Than One Agent
- Contact Insurance Agents That Sell Directly To Consumers
- Get The Highest Deal
 - Why?



Car Insurance Coverage

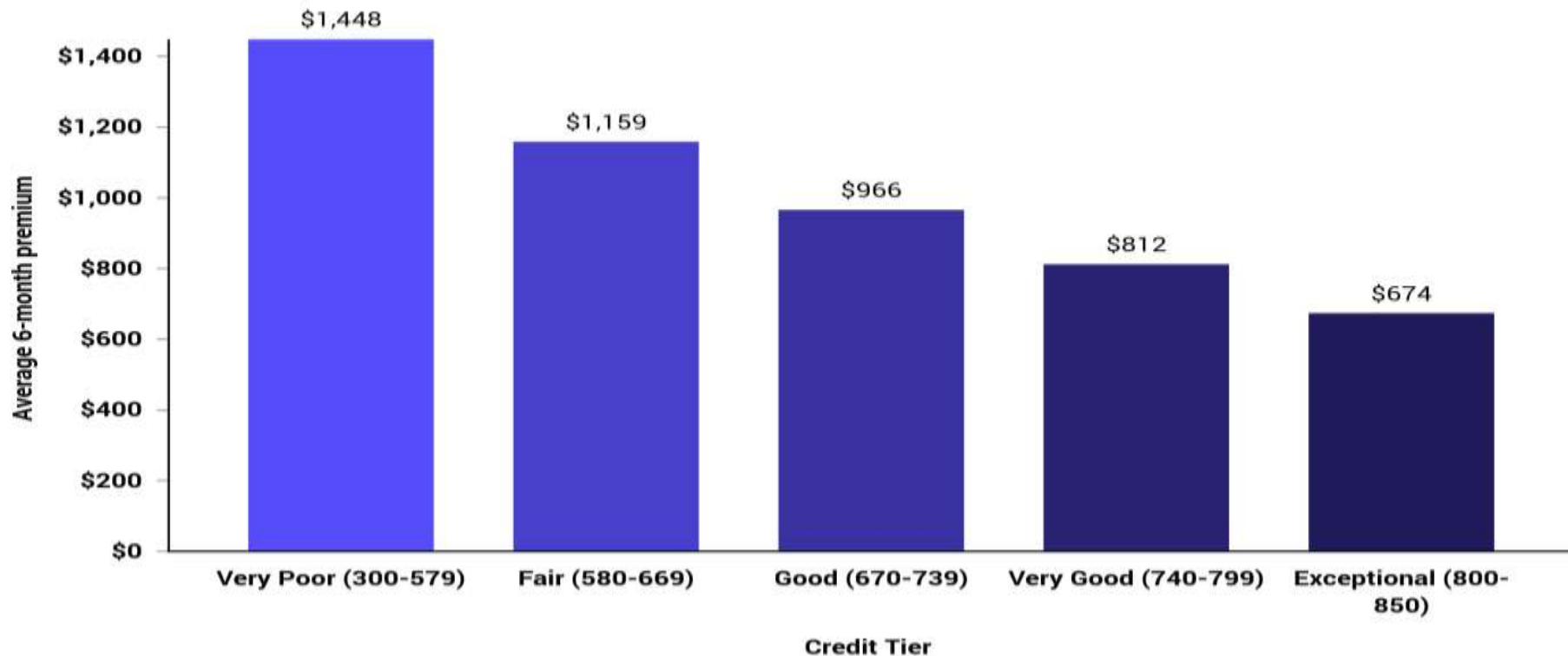
- Auto Liability Coverage
 - Damage Someone or Some Thing
 - Bodily Injury Liability and Property Damage Liability
- PA Is A “No Fault” State
 - What Does That Mean?
- Medical Payments Coverage
- Collision and Comprehensive Coverage
 - Collision → Accident
 - Comprehensive → Fire, Flood, Theft, Tornado, Act of God

Car Insurance Providers



Car Insurance Monthly Rates

Average 6-Month Premium by Credit Score



Renter's Insurance



Damage to your
belongings from fire,
tornadoes and other
problems



Theft of your
belongings



Your liability if
you're sued for
damage or
injuries to
others



Extra expenses
if you can't live
in your
damaged
apartment

Companies That Provide Renter's Insurance

National General
Insurance

TRAVELERS

THE HARTFORD

MERCURY INSURANCE

American Commerce
INSURANCE
(A world of service)

FARMERS
INSURANCE

PROGRESSIVE

MetLife

KINGSTONE
Insurance since 1886

AIG

CHUBB

pure
INSURANCE

CINCINNATI
INSURANCE COMPANY

OCEAN HARBOR CASUALTY
INSURANCE COMPANY

Utica National Insurance Group

ADIRONDACK
INSURANCE EXCHANGE

LLOYD'S
LLOYD'S OF LONDON

THE ANDOVER COMPANIES

MERCHANTS
INSURANCE GROUP

nycm
INSURANCE

Plymouth Rock
assurance

Typical Renter's Insurance Monthly Rates

Cheapest Renters Insurance Companies in Pennsylvania



The Personal Investing Plan

Investment Plan



Section One: Investment Philosophy & Strategy

Investment Strategies



Tell Me What You Are Trying To Achieve?



- Invest 10%
- Save For House
- Retire @ 50
- Ensure Kids College
- Not To Worry
- Save For Rainy Day

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Investment Philosophy & Strategy

- What percentage of your salary do you want to save?
- What are your long-term objectives?
- What is your attitude about fees?
- How much risk do you want to have, i.e. all stocks or a mix of stocks and bonds?
- What are the expected returns of stocks versus bonds?
- You want to be more invested in stocks than bonds because stock returns are higher?
- You need to and can take risk because you have a long time horizon?



Portfolio Management

[pòrt-'fō-lē-,ō 'ma-nij-mənt]

The art and science of selecting and overseeing a group of investments that meet the long-term financial objectives and risk tolerance of a client, a company, or an institution.

ASSET CLASSES

Diversifying your portfolio by investing in different types of assets can help protect you from volatility.



Cash

- Cash equivalents
- Money market funds
- U.S. Treasury bills
- Certificates of deposit (CDs)



Equities

- Stocks
- Dividend payments



Fixed Income

- Bonds



Alternative Investments

- Real estate
- Gold
- Silver
- Cryptocurrency
- Peer-to-peer loans

BONDS

A loan to a company or government



- More stable in the short term
- Tend to underperform over the long term
- Earn money through interest

STOCKS

Ownership of a business



- More volatile in the short term
- Better performers over the long term
- Earn money through dividends

Definition

Bond

A financial instrument that companies and local governments, among others, use to raise capital. You hold the bond for a period of time in exchange for interest payments.

Example

Cities and states issue municipal bonds to fund infrastructure work like new roads or bridges.



WHAT IS A **STOCK?**

A type of investment that gives you part ownership of a listed company



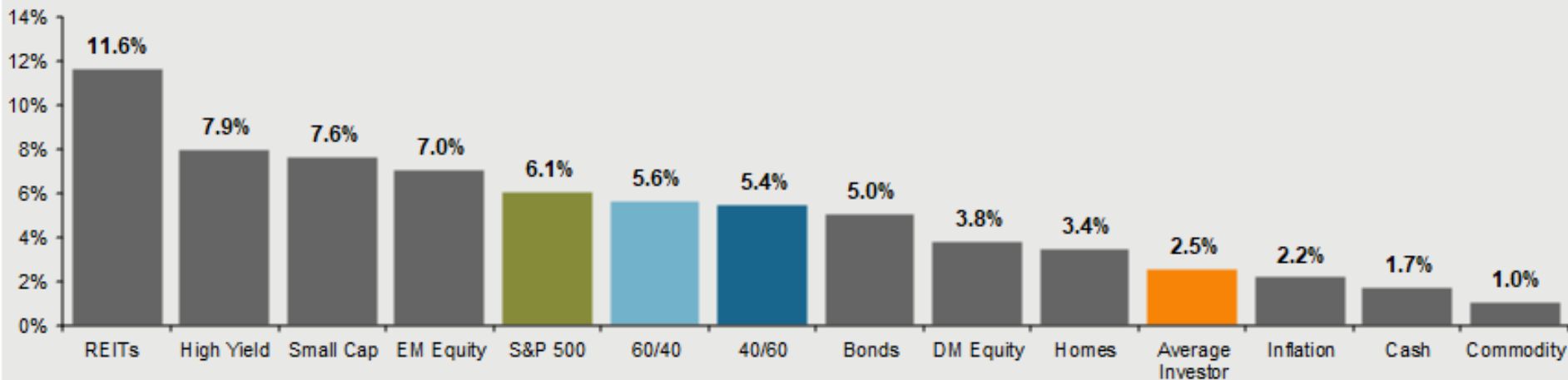
Mutual Fund

[ˈmyü-chə-wəl ˈfænd]

A managed fund that pools money from shareholders to invest in securities.

The Basic Strategy Should Address The Fact That You Need Growth! Invest In Measured Riskier Assets.

20-year annualized returns by asset class (1999 – 2019)



STOCKS VS. BONDS

What you need to know

STOCKS ARE OWNERSHIP
SHARES OF INDIVIDUAL
COMPANIES



- Higher risk
- Higher return
- Opportunity to profit off of dividends and growth in value of share price

BONDS ARE LOANS WITH A
PROMISE TO PAY BACK
INTEREST



- Lower risk
- Lower return
- Company agrees to pay interest at fixed rate

SOURCE: @thatscommoncents

SUMA

7-10%

3-5%

The Proper Asset Allocation Of Stocks & Bonds By Age

Survival

Age	Stocks	Bonds
0 - 25	100%	0%
30	70%	30%
35	50%	50%
40	50%	50%
45	50%	50%
50	50%	50%
55	50%	50%
60	50%	50%
65	50%	50%
70	50%	50%
75+	40%	60%

Source: FinancialSamurai.com

Investing Style You Want:

Investment Philosophy & Strategy?

- Tell us the philosophy you wish to employ, such as:
 - Passive management, i.e. index funds only?
- % of fixed income matches by age?
- Want to buy individual or a mix of funds and individual stocks?
- Do you want to use a target-date approach?
- Want to buy index funds or mutual funds in different sectors?
- Want a mix of mostly index funds and a few stock?

Individual Stocks Versus Mutual Funds

Difference Between Mutual Funds and Stocks

ASPECT	MUTUAL FUNDS	STOCKS
Definition	Pooled investments managed by professionals, offering diversification.	Ownership shares in individual companies, potentially riskier.
Risk	Generally lower risk due to diversification.	Potentially higher risk because it depends on the performance of a single company or segment.
Expert Management	Managed by professionals (fund managers).	No professional management; investors make decisions.
Accessibility	Easy for beginners, minimal knowledge required.	Requires more research and in-depth knowledge.
Liquidity	Generally high liquidity, easy to buy and sell.	Liquidity can vary, especially for smaller companies.

Individual Stocks Versus Mutual Fund

Mutual Funds

Imagine a mutual fund as a barrel where multiple stocks are put in. Some will do well, some will not do as well. Overall, the growth of what is in the barrel is not dramatically impacted by one stock, rather the performance of all the stocks there.

■ Small investors can invest

■ Professionally managed

■ Diversification

Individual Stocks

It's a share in an ownership of a company. If the company does well, so does the value of the company, thus the value of your "portion" of the company grows. If the company doesn't do well, thus the value of your stock will not perform well.

■ More suitable for investors with larger sums so they can invest in one or more individual stocks

■ Managed by the investor with possible input from the investment advisor

■ Comparatively could be more volatile

Active Versus Passive

Active vs. Passive Investing

Active Investing

Attempts to either “beat the market” or generate stable returns regardless of market conditions

Assumes that the market can be inefficient, which creates investment opportunities to profit from

Portfolio allocation is hand-picked using fundamental/technical research on companies, industry trends, etc.

Expenses are higher given the time and resources associated with active management (i.e. constant adjustments)

Passive Investing

Tracks an underlying benchmark to match its performance (e.g. market indices, commodity prices, industries/sectors)

Based on the premise that the market is highly efficient and attempting to outperform the market consistently over the long-term is impractical

Selection of securities within the portfolio is based on a broader index, rather than discretionary individual decisions

The infrequent portfolio adjustments minimize expenses, making them a cost-efficient option for investors

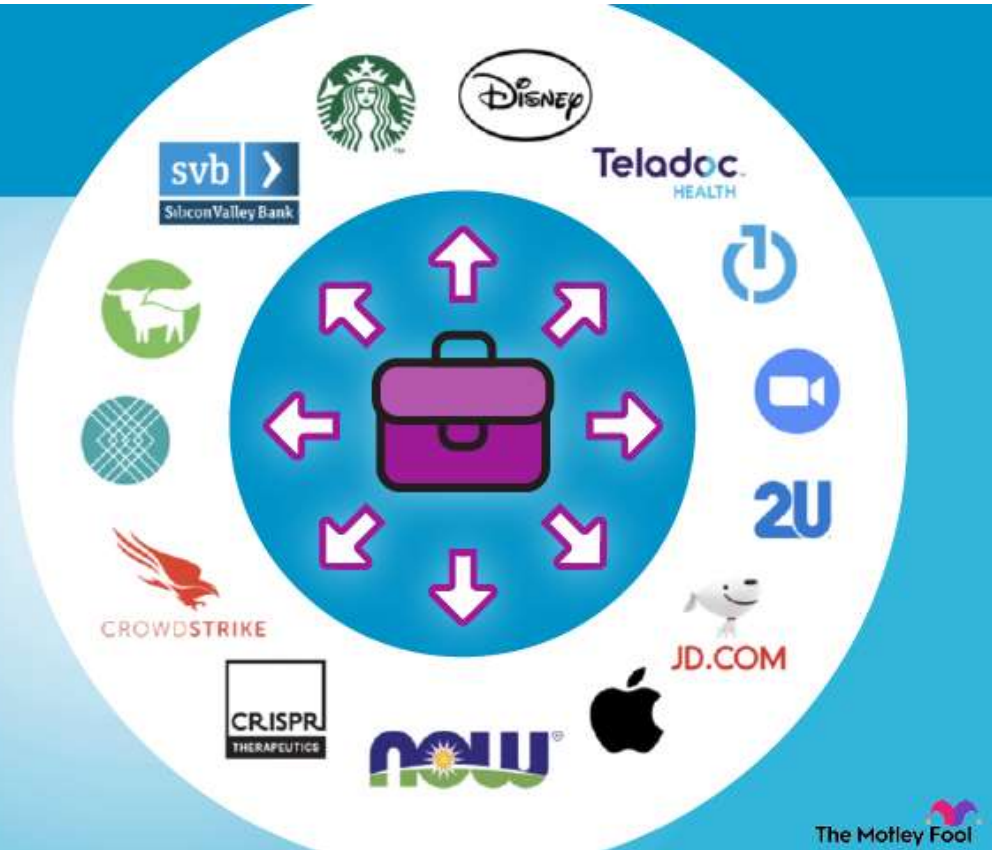
Talk About Why You Diversify

PORTFOLIO DIVERSIFICATION

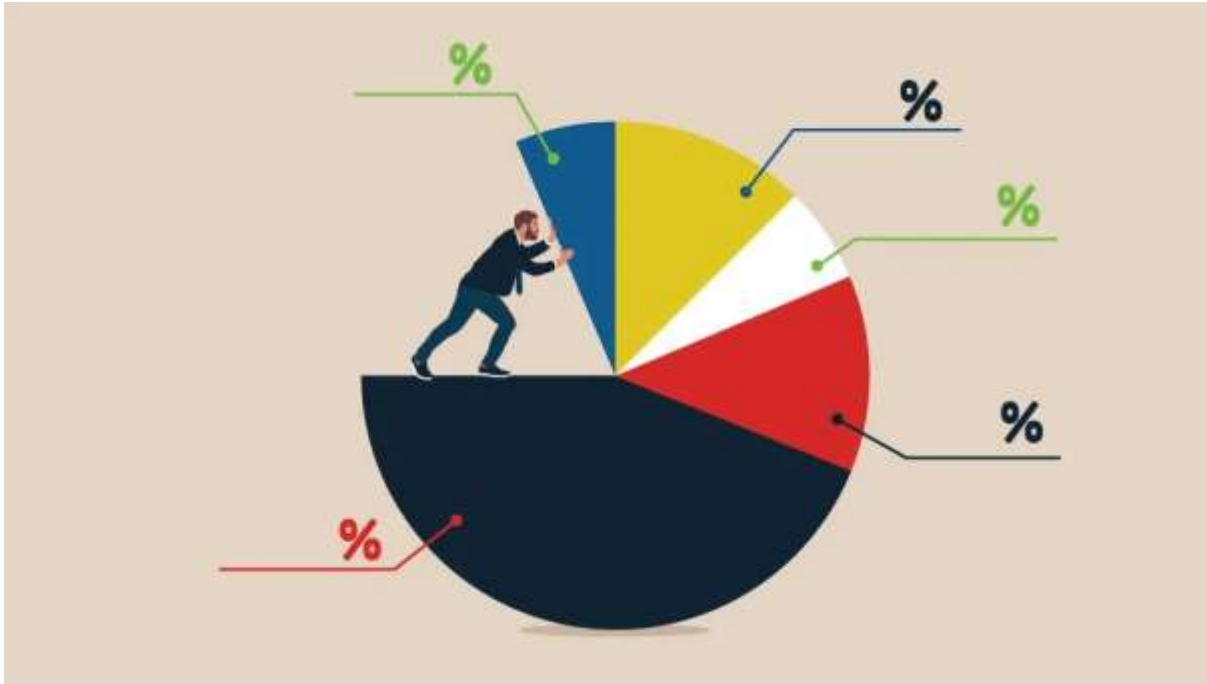
Diversification includes owning stocks from multiple

- industries
- countries
- market caps

This reduces an investor's overall risk profile.



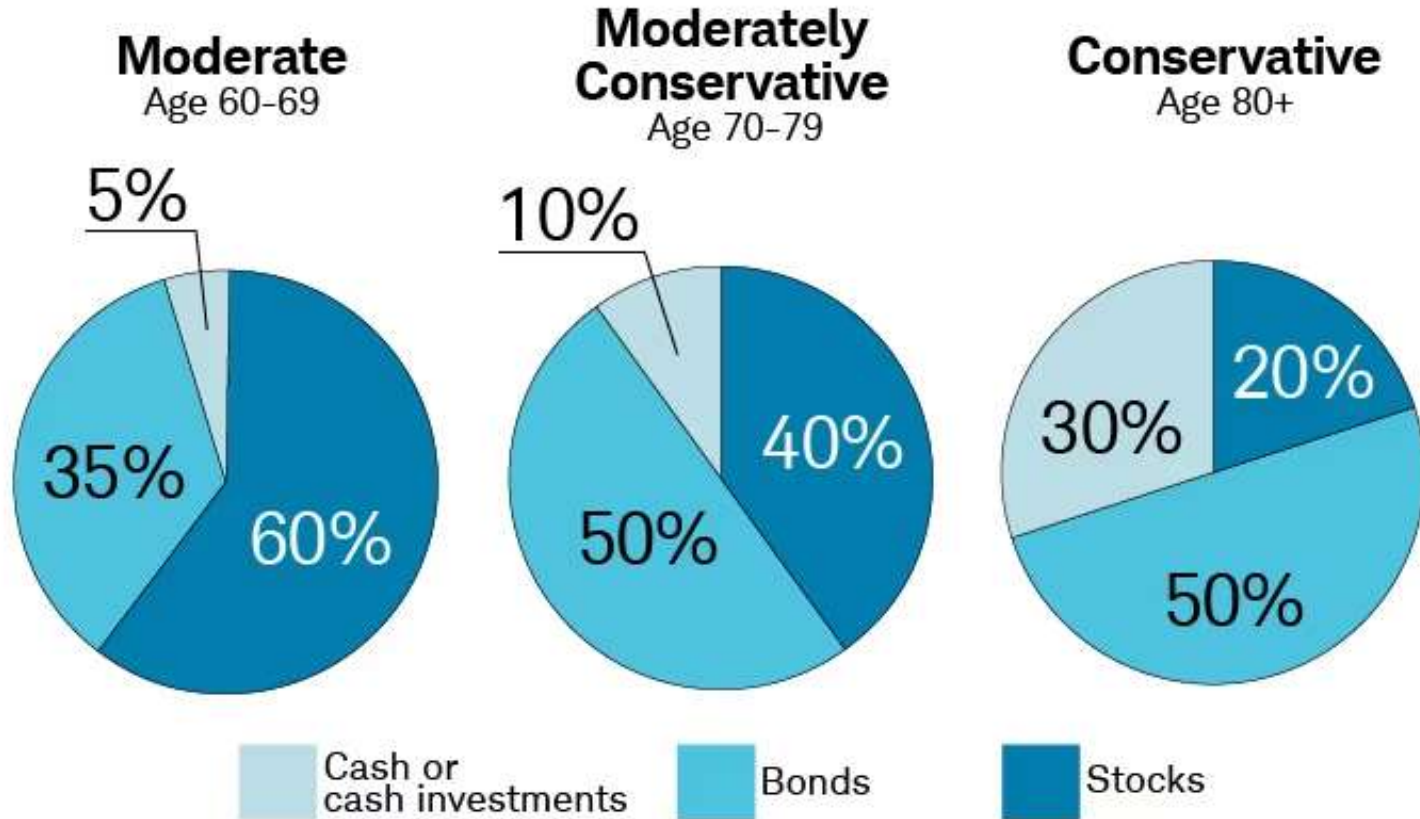
Section Two: Your Asset Allocation



Tell Me What Is Your Asset Allocation & Why Did You Choose It?



Asset Allocations



Make Sure That You Show Me A Pie Chart With Your Fund Selections

Overall Portfolio: \$10,000



<u>True Exposures</u>	<u>Direct Holdings:</u> Overall Portfolio	+	<u>Indirect Holdings:</u> Mutual Funds	=	<u>Total Exposure</u>
U.S. Equities	\$1,500		\$1,200		\$2,700
Non-U.S. Equities	—		\$400		\$400
Fixed Income	\$3,000		\$1,400		\$4,400
Real Estate and Tangibles	—		\$400		\$400
Alternative Investments	\$500		—		\$500
Cash and Alternatives	\$1,000		\$600		\$1,600

Section Three:

Funds (or Stocks) That I Am Choosing

01

**Assessment of
Investment
Objectives**

02

Market Analysis

03

**Fundamental
Analysis**

04

**Risk
Assessment**

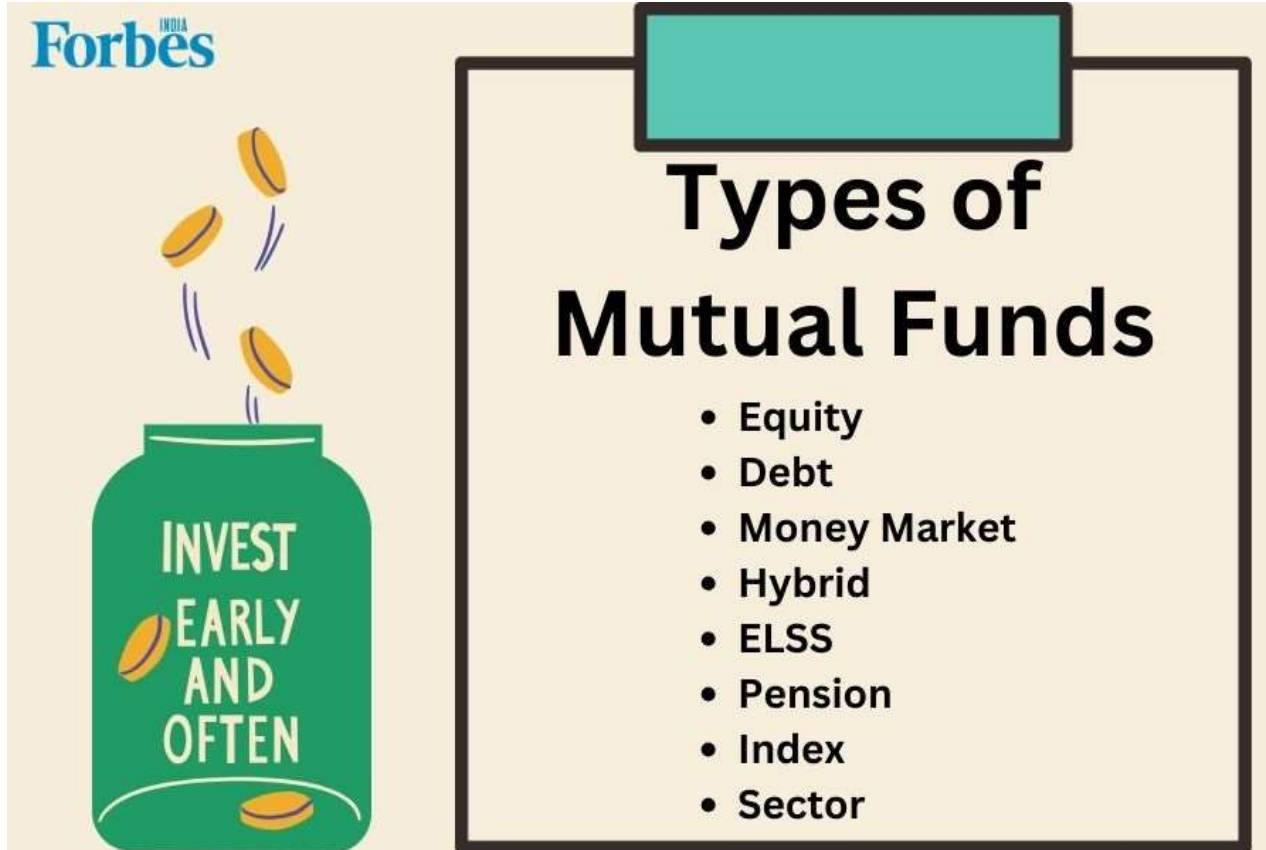
Example # 1

- I Have A High Risk Tolerance
- I Want To Grow My Portfolio
 - Will Select Stock Funds Because They Return 10% and Bonds Only Return 5%
- I Want To Take More Risk
 - Actively-Managed Sector Funds Versus Index Funds
 - Won't Have Bond Allocation
- I Want Funds With Relatively Lower Expense Ratios
- I Want Funds With Good 5-Year Track Record
- I Want To Buy Funds From Discount Broker
- I Want To Buy A Few Individual Stocks

Example # 2

- I Have A Moderate Risk Tolerance.
- I Want To Grow My Portfolio
 - Will Select Stock Funds Because They Return 10% and Bonds Only Return 5%
- I Want To Take Calculated Risk With Low Costs
 - 80% Passively-Managed Index Funds
 - 20% Bond Allocation
- I Want Funds With Relatively Lower Expense Ratios
- I Want Funds With Good 5-Year Track Record
- I Want To Buy Funds From Discount Broker

Tell Me Why I Am Choosing The Funds



Index Funds

- Tracks a particular market index
 - S&P 500, FTSE, MSCI EAFE
- Over time, typically earns better returns than an actively managed approach.
- Index funds can vary by company size, sector and location.



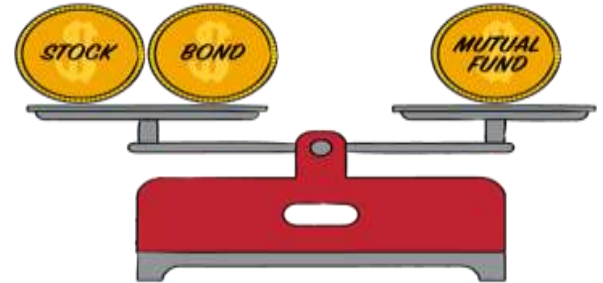
Company Stock Size	Market Value of Company
Large-Cap	\$10 billion and above
Mid-Cap	\$2 billion - \$10 billion
Small-Cap	\$300 million - \$2 billion

Stock Market Sectors



Balanced Funds

- Also known as asset allocation funds
 - combination of equity and fixed-income funds with a fixed ratio of investments such as 60% stocks and 40% bonds.
- Best-known are target-date funds
 - automatically reallocate the ratio of investments from equities to bonds the closer you get to retirement.



Talk About How Fees Impact Return

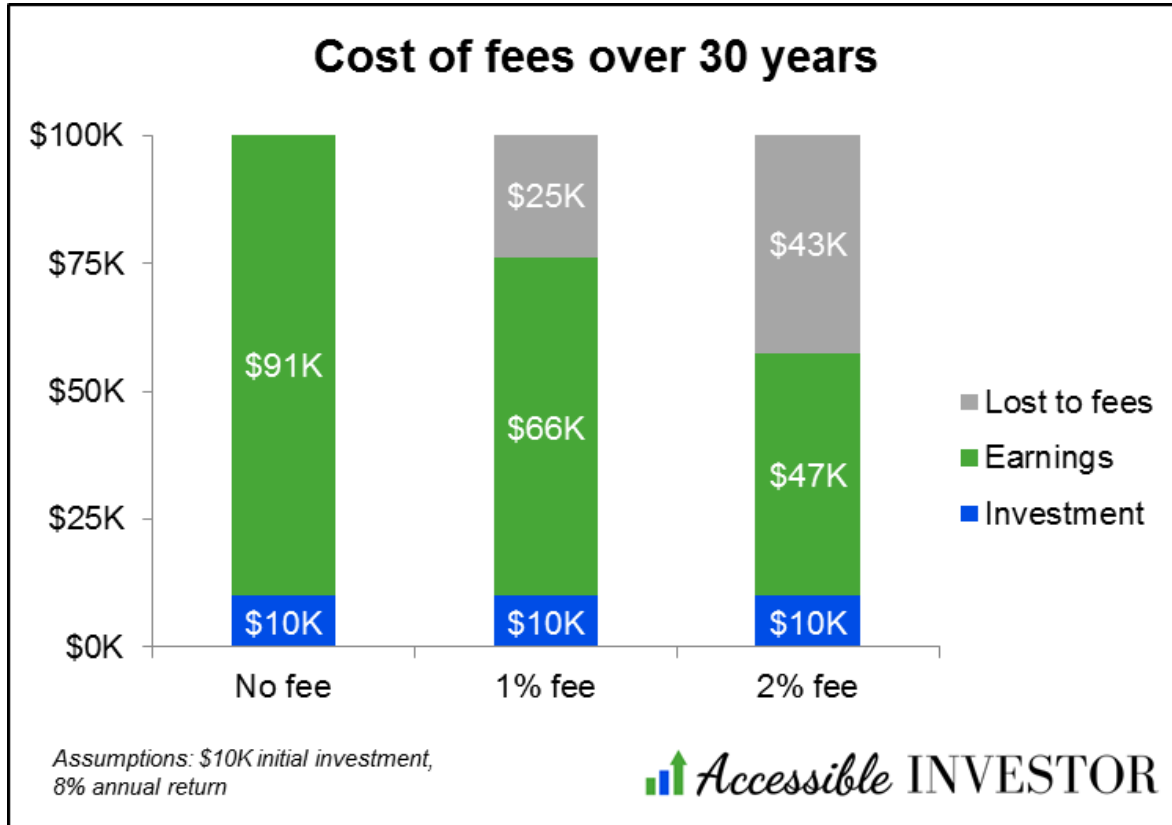
Account	Investment Fee	BMV	Gross Return	Net of Actual	Net of Model (1%)	Net of Model (0.80%)	Net of Model (0.40%)
Account 1	1.25%	5,390,714	15.04	13.62			
Account 2	0.85%	13,653,919	16.06	15.23			
Account 3	0.90%	39,760,577	15.02	14.15			
Composite Annual Return			15.27	14.36	14.28	14.36	14.42

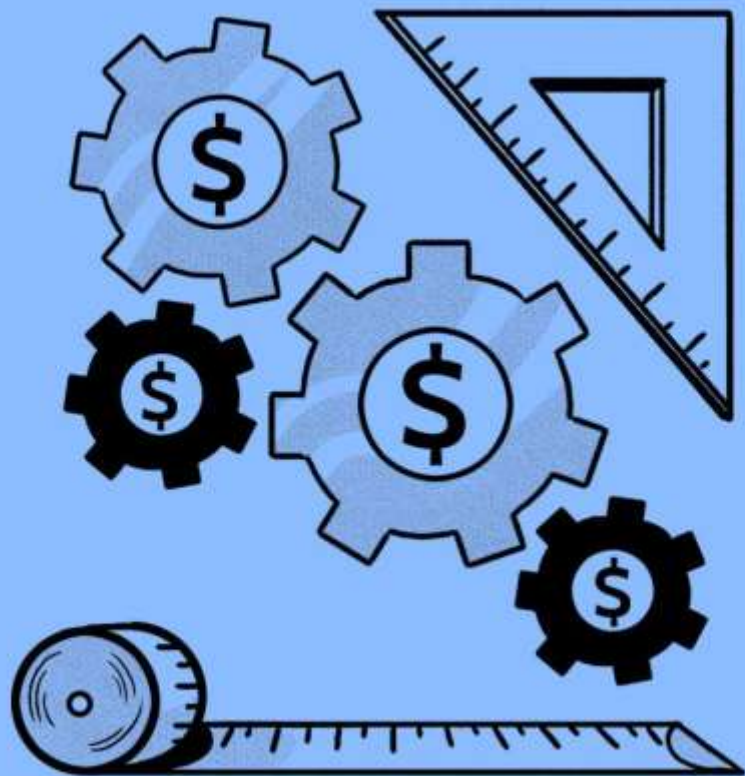
Consider Nominal Return Less Inflation

Model Assumptions

Nominal Rate of Return	10.0%
Inflation Rate	7.0%
Real Rate of Return	2.8%

Talk About How Fees Impact Return





Expense Ratio

[ik-'spen(t)s 'rā-shē-,ō]

A measure of how much of a fund's assets are used for administrative and other operating expenses.

The Expense Ratio & Fees Are Your Cost of Investment

Calculating ROI
Method 1

$$\text{ROI} = \left[\frac{\text{Net return on investment}}{\text{Cost of investment}} \right] \times 100\%$$



Use The Google Machine

Search Example: Best Funds of 2022

Category	Fund	Fund Size	1 year	5year	All
Flexi Cap Fund	Parag Parikh Flexi cap Fund - Growth	17219.55 Cr	56.40%	23.58%	21.30%
	UTI FlexiCap Fund -Growth	24212.44 Cr	54.51%	22.24%	16.87%
Large & Mid cap	Canara Robeco Emerging Equities - Growth	11773.97 Cr	49.40%	20.75%	18.32%
	Mirae Asset Emerging Bluechip Fund - Growth	21634.68 Cr	54.02%	22.84%	22.43%
Large Cap Fund	Canara Robeco Bluechip Equity Fund - Growth	5069.92 Cr	39.34%	19.51%	13.71%
	Axis Bluechip Fund -Growth	33966.75 Cr	37.53%	20.64%	14.07%
Mid Cap fund	Mirae Asset Midcap Fund - Growth	6748.42 Cr	55.03%	39.34%	37.08%
	DSP Midcap Fund - Growth	13784.99 Cr	28.59%	16.75%	15.73%
Small Cap Fund	SBI Small Cap Fund - Growth	10878.18 Cr	48.26%	24.08%	21.07%
	Nippon India Small Cap Fund -Growth	17554.99 Cr	73.15%	23.66%	20.97%
ELSS	Mirae asset Tax Saver Fund- Growth	10086.74 Cr	37.57%	22.02%	20.98%
	DSP Tax Saver Fund- Growth	9420.49 Cr	36.97%	17.32%	14.97%
Balanced Fund	Canara Robeco Equity Hybrid Fund - Growth	6931.55 Cr	23.82%	15.40%	16.42%
	ICICI Pru Equity and Debt Fund - Growth	18303.36 Cr	40.32%	15.61%	14.88%
Sectorial funds	Tata Digital India Fund- Growth	4194.72 Cr	78.99%	32.76%	25.34%
(Digital funds-IT)	ICICI Pru technology Fund-Growth	7386.51 Cr	77.43%	33.00%	13.72%

Use The Google Machine

Search Example: Best “Sector” Funds of 2022

Ticker	Name	Sector	Assets (\$mm)	Risk/Reward Rating
VMIAX	Vanguard Materials Index Fund	Basic Materials	\$3,380	Attractive
FDLSX	Fidelity Select Leisure Portfolio	Consumer Cyclicals	\$477	Very Attractive
VCSAX	Vanguard Consumer Staples Index Fund	Consumer Non-cyclical	\$7,103	Very Attractive
FIQRX	Fidelity Advisor Global Commodity Stock Fund	Energy	\$1,564	Very Attractive
FSRBX	Fidelity Select Banking Portfolio	Financials	\$443	Very Attractive
SWHFX	Schwab Health Care Fund	Healthcare	\$762	Very Attractive
FSRFX	Fidelity Select Transportation Portfolio	Industrials	\$536	Attractive
CGMRX	CGM Realty Fund	Real Estate	\$328	Unattractive
FDCPX	Fidelity Select Tech Hardware Portfolio	Technology	\$643	Attractive
VTCA	Vanguard Communication Services Index Fund	Telecom Services	\$2,393	Attractive
GAUIX	Gabelli Utilities Fund	Utilities	\$1,825	Unattractive

Use The Google Machine

Example: Best “Balanced” Funds of 2022

Ticker	Name	Investment Style	Assets (\$mm)	Risk/Reward Rating
LDIFX	Legg Mason Franklin Global Dividend Fund	All Cap Blend	\$137	Very Attractive
MRFOX	Marshfield Concentrated Opportunity Fund	All Cap Growth	\$299	Very Attractive
AGLYX	Ariel Global Fund	All Cap Value	\$159	Very Attractive
SNTFX	Steward International Enhanced Index Fund	Large Cap Blend	\$179	Very Attractive
GQEIX	GQG Partners U.S. Select Quality Equity Fund	Large Cap Growth	\$1,138	Very Attractive
APHGX	Artisan Global Value Fund	Large Cap Value	\$1,819	Very Attractive
MMCRX	Madison Mid Cap Fund	Mid Cap Blend	\$621	Very Attractive
VKSRX	Virtus KAR Small Mid Cap Core Fund	Mid Cap Growth	\$952	Attractive
HNMVX	Harbor Mid Cap Value Fund	Mid Cap Value	\$287	Attractive
RVVHX	Royce Small Cap Value Fund	Small Cap Blend	\$102	Very Attractive
TQSIX	T. Rowe Price QM U.S. Small Mid Cap Core Equity Fund	Small Cap Growth	\$282	Attractive
RSEIX	Royce Small Cap Special Equity Fund	Small Cap Value	\$742	Very Attractive

Use The Google Machine

Example: Best Sector Funds of 2022

Ticker	Name	Sector	Assets (\$mm)	Risk/Reward Rating
VMIAX	Vanguard Materials Index Fund	Basic Materials	\$3,380	Attractive
FDLSX	Fidelity Select Leisure Portfolio	Consumer Cyclicals	\$477	Very Attractive
VCSAX	Vanguard Consumer Staples Index Fund	Consumer Non-cyclicals	\$7,103	Very Attractive
FIQRX	Fidelity Advisor Global Commodity Stock Fund	Energy	\$1,564	Very Attractive
FSRBX	Fidelity Select Banking Portfolio	Financials	\$443	Very Attractive
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VTCAx	Vanguard Communication Services Index Fund	Telecom Services	\$2,393	Attractive
GAUIX	Gabelli Utilities Fund	Utilities	\$1,825	Unattractive

Use The Google Machine

Example: Best Bond Funds Over 5 Years

	Ticker	Morningstar Category	Morningstar Analyst Rating	5-Year Return %	5-Year % Rank in Category
BrandywineGlobal - High Yield	BGHSX	High Yield Bond	Bronze	5.20	1
Fidelity Capital & Income Fund	FAGIX	High Yield Bond	Bronze	4.54	1
BrandywineGlobal - Corporate Credit	BGISX	High Yield Bond	Silver	3.92	4
Artisan High Income	APHFX	High Yield Bond	Silver	3.85	4
PGIM Short Duration High Yield Income	HYSQX	High Yield Bond	Silver	3.59	6

Source: Morningstar Direct. Data as of December 19, 2022.
Includes cheapest share class. Returns are annualized.

Then, Use The “Excel Investment Purchase Template” In Files Section

Investment \$	Asset Class	Allocation	\$ To Allocation
\$3,000	Stocks	80%	\$2,400
\$3,000	Bonds	20%	\$600

Specific Stock Asset Allocation

Investment \$	Asset Class	Allocation	\$ To Allocation	TICKER
\$2,400	Index Fund	60%	\$1,440	ABCD
\$2,400	Sector Fund	10%	\$240	ABCD
\$2,400	Sector Fund	10%	\$240	ABCD
\$2,400	Sector Fund	10%	\$240	ABCD
\$2,400	Sector Fund	10%	\$240	ABCD

Specific Bond Asset Allocation

Whatever Funds You Choose, Go To The Google Machine And Search For “XYZ Fund Prospectus”



Do A Little Write-Up For Each Fund You Select

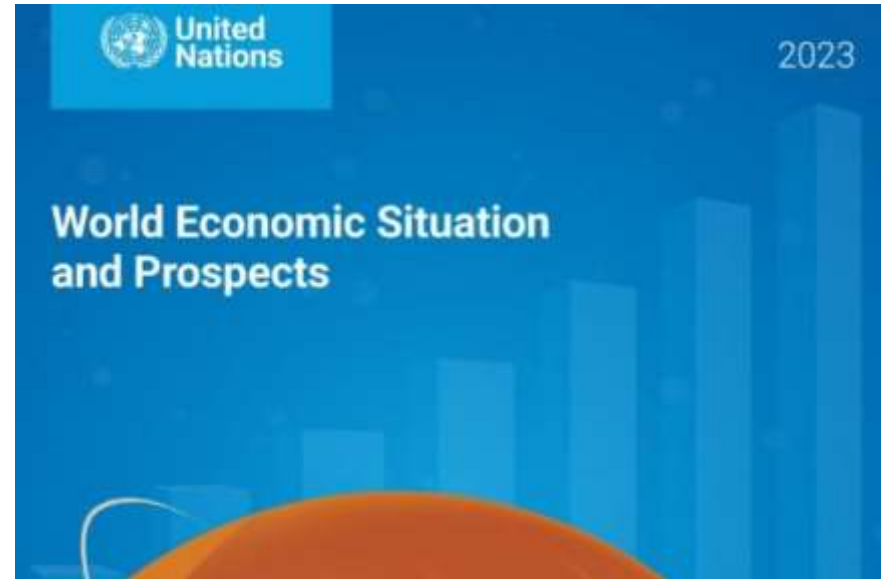


- Fund Objectives
- Recent Returns
- Expense Ratio
- Sample Investments

Section 4: Economic Outlook



**Tell Me How You Think
The Economy Is Looking.
Use The Google Machine.**



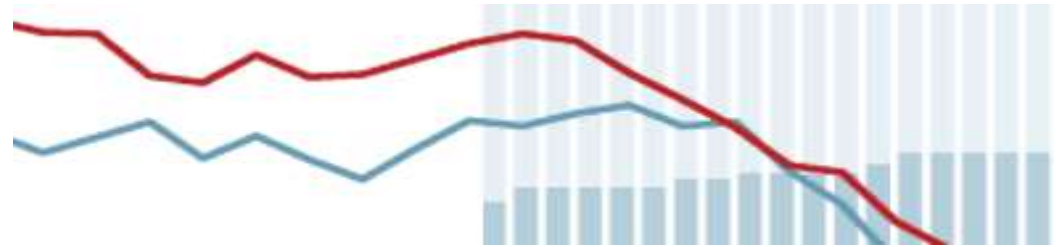
You Should Look At Key Economic Indicators

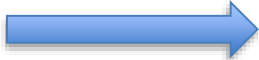
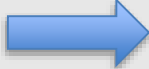

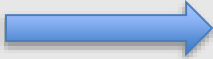

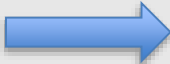
- A piece of economic data, usually of macroeconomic scale, that is used by investors to interpret current or future investment possibilities and judge the overall health of an economy.



Key Economic Indicators

- Unemployment Rate
- Gross Domestic Product and Retail Sales
- Consumer Price Index
- Fed Funds Rate
- Oil Prices
- U.S. National Debt
- Rate of Inflation
- Housing Starts
- Weak/Strong Dollar and Gold Prices
- Stock Indices



Will There Be A Job For Me?		Unemployment Rate
Economic Growth: Will I Get Raises?		GDP Retail Sales
How Much Will Food, Housing and Clothes Cost?		CPI Oil Prices
How Much Will Prices Go Up?		Inflation Rate National Debt
How Much Will It Cost Me To Borrow?		Interest Rates Fed Funds Rate
How Much Can I Earn On Investments? When Can I Retire?		Market Indices Gold Prices Interest Rates

Unemployment Rate

- The percentage of the total labor force that is unemployed but actively seeking employment and willing to work.
- The unemployment rate is considered a lagging indicator, confirming but not foreshadowing long-term market trends.
- **Current rate is 3.9%.**
- **Full employment considered 5%.**



Gross Domestic Product

- The monetary value of all the finished goods and services produced within a country's borders in a specific time period.
- It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
- Indicator of economic health.



Five Ways to Measure the U.S. Economy



U.S. Nominal GDP

Measures economic output of the entire country



GDP Growth Rate

Measures year-over-year percent increase of economic output



GDP Per Capita

Estimates standard of living



Real GDP

Nominal GDP without inflation

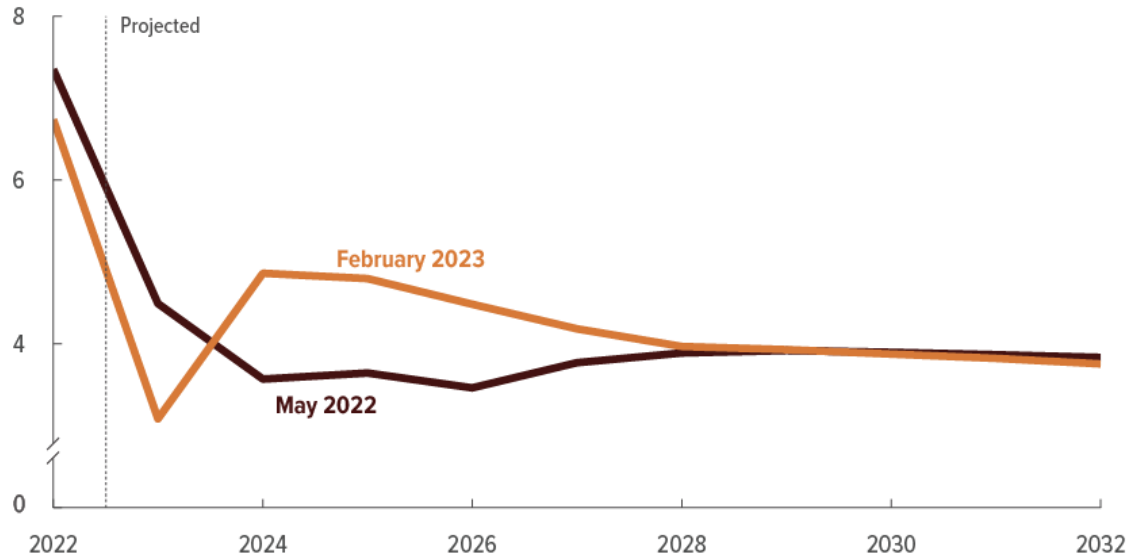


Debt to GDP Ratio

Determines whether annual income can pay off debt

Gross Domestic Product

- Current GDP = 2.2 %
- Historical US GDP = 3.25%



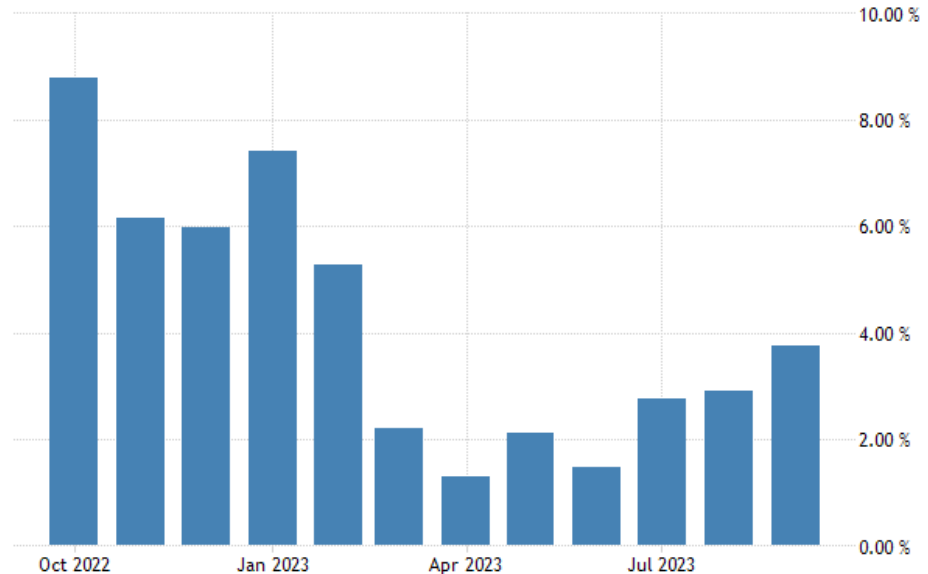
Retail Sales

- In the U.S., the retail sales report is a monthly economic indicator and a big component of total US gross domestic product (GDP) .
- As far as broad economic indicators go, the retail sales report is one of the most timely, providing data that is only a few weeks old.



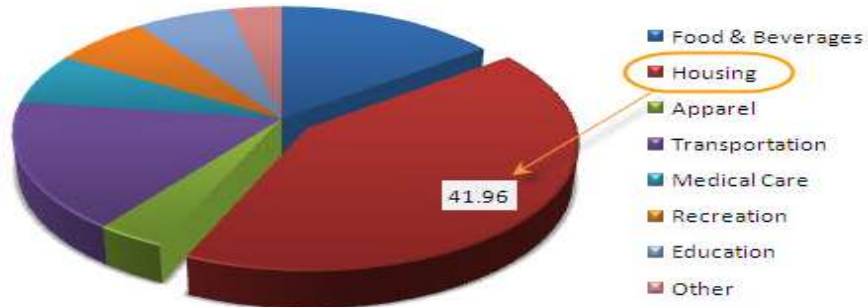
Retail Sales

- U.S. **retail sales** 4-6% in 2023, according to the U.S. Census Department.



Consumer Price Index

- A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
- Changes in CPI are used to assess price changes associated with the cost of living.



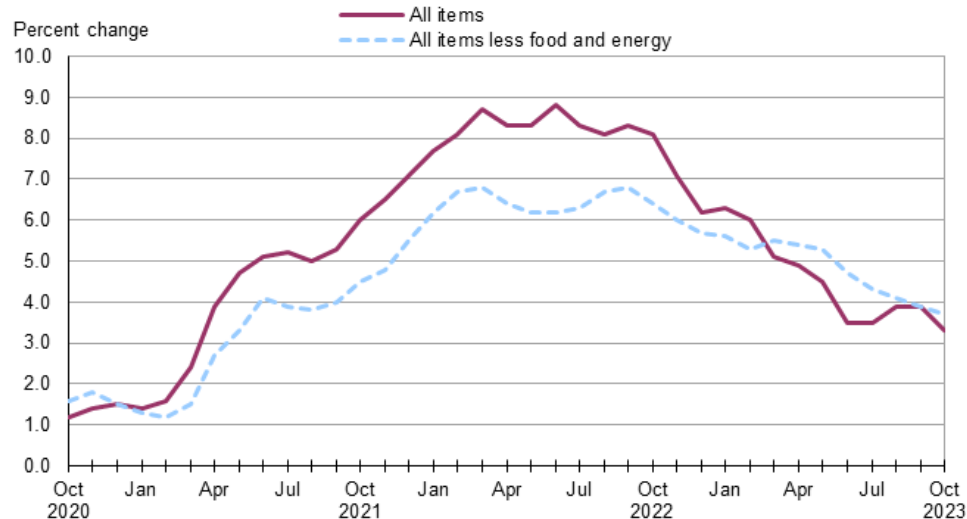
Rate of Inflation

- The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling.
- As inflation rises, every dollar will buy a smaller percentage of a good. For example, if the inflation rate is 2%, then a \$1 pack of gum will cost \$1.02 in a year.

Rate of Inflation

- Current rate of inflation is **3.2%** as of August
- The historical rate of inflation is **3.1%**

October 2023



Source: U.S. Bureau of Labor Statistics.

Oil Prices – West Texas Intermediate (WTI)

- Light, sweet crude oil commonly referred to as "oil" in the Western world. WTI is the underlying commodity of the New York Merchantile Exchange's oil futures contracts.
- WTI is considered a "sweet" crude because it is about 0.24% sulfur. WTI is high quality oil that is easily refined.
- Current WTI is \$78 per barrel.



Oil Prices – North Sea Brent

- A type of oil that is sourced from the North Sea. This type of oil is used as a benchmark to price European, African and Middle Eastern oil that is exported to the West.
- North Sea Brent crude was discovered in the early 1960s. Brent crude oil is not as light or as sweet as WTI.
- Current BRENT Is \$82 per barrel.



Fed Funds Rate

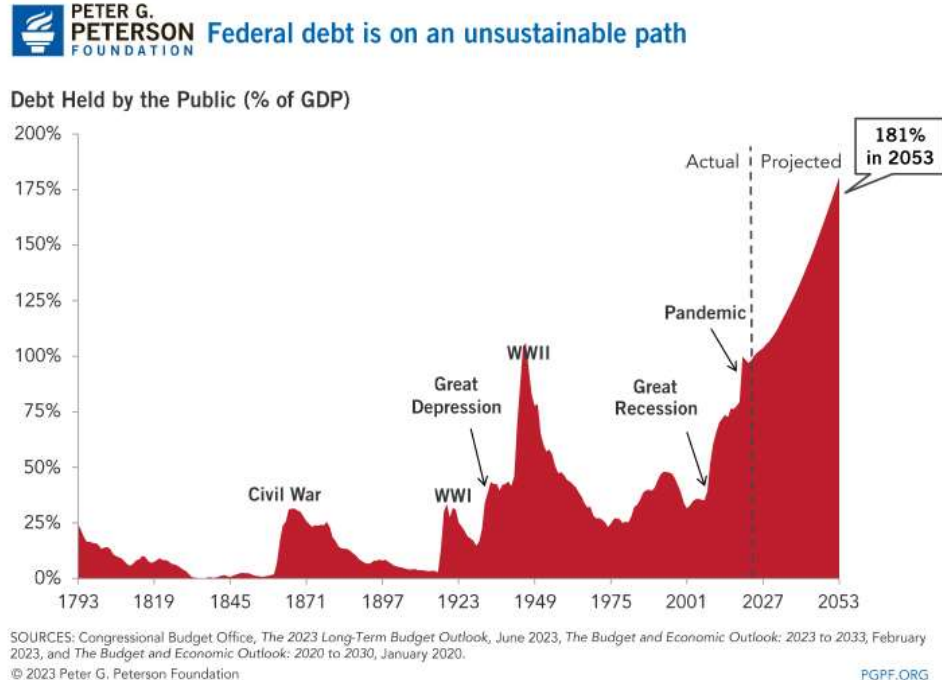
- The interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight.
- This is what news reports are referring to when they talk about the Fed changing interest rates.
- **Current is 5.5%.**



**Federal Reserve
Chairman
Jerome Powell**

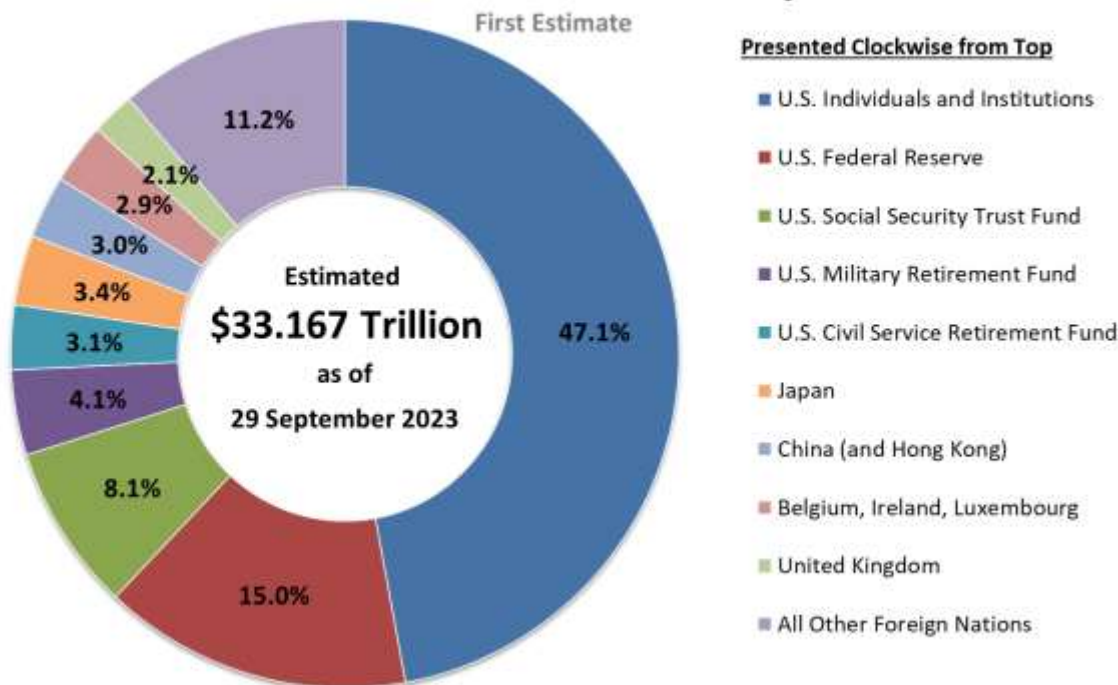
National Debt

- \$33.7 Trillion



Who Owns The National Debt

September 2023: To Whom Does the U.S. Government Owe Money?



Sources: U.S. Treasury Department (29 September 2023), U.S. Federal Reserve (27 September 2023)
Foreign Holding estimates for August 2023 (per data released on 18 October 2023).

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Currency Exchange Rates

Weak Dollar VS. Strong Dollar

- With a weak dollar, the U.S. dollar's value is decreasing relative to one or a basket of foreign currencies.
- A weak dollar means that a U.S. dollar can exchange for fewer amounts of foreign currency.

Currency Exchange Rates Strong Against The Euro US Dollar To Euro Is .92



Euro/U.S. Dollar

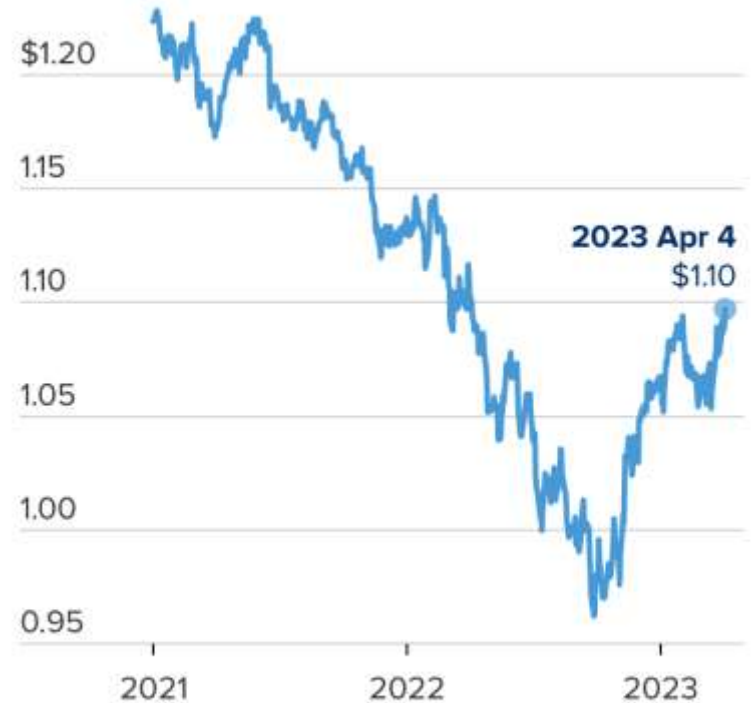


Chart: Gabriel Cortes / CNBC

Source: FactSet



Gold Prices

- Gold has always been a go-to investment during times of fear and uncertainty.
- Periods of market uncertainty tend to benefit gold.
- Gold is a good hedge against inflation.
- Gold functions as a good store of value against declining currency.



Stock Indices

- The various markets on which stocks and bonds are traded. The key indices are:
 - S&P 500
 - NASDAQ
 - CME Group

STANDARD),
&POOR'S

NASDAQ[®]



CME Group

A CME/Chicago Board of Trade Company

Stock Indices

- \$4,515 The logo for the Standard & Poor's 500 index, featuring the words "STANDARD" and "&POOR'S" stacked vertically, with horizontal lines above and below "STANDARD", and the number "500" to the right.

- \$34,959 The logo for the Dow Jones Industrial Average, featuring the word "DOWJONES" in a bold, blue, sans-serif font, with a blue swoosh underline.

- \$13,798 The logo for the NASDAQ Composite index, featuring the word "NASDAQ" in a bold, blue, sans-serif font, with a registered trademark symbol (®) to the upper right.