John and Jane Investor
Investment Policy Statement 4/10/2022

Client: John and Jane Investor
Accounts: Community Property (Taxable), IRA, Roth IRA, Inherited IRA
Custodian: TD Ameritrade

John and Jane Investor are 75 and 60 years of age, married, and live in Lancaster, CA. Jane is retired from teaching and Lawrence works as an engineer for a big Aerospace Company, FLY.. John is planning on working another ten years before retiring. The couple has a daughter, Lovely. The couple would like an income of 100K to maintain their standard of living. Janis receives a pension and Social Security amounting to approximately 2300 per month. The couple owns real estate which currently is not generating income but pending litigation outcome should begin to add an additional income stream.. John earns approximately 166K per year in salary. Janis receives approximately $2,300 per month from Social Security and her pension.
Y H & C Investments and Yale Bock are the fiduciary of the account and the custodian is TD Ameritrade.

Return Objective:
John and Jane indicated they are interested in capital appreciation. Income generation at this time is not the priority.

Risk Tolerance:
John and Janehave put together a sizable portfolio by owning equities, equity mutual funds, etf's and bond funds. The couple is concerned about the unpredictable geopolitical and inflationary environment and the effect on their retirement.

Time Horizon:
The time horizon for the applicable investment period is long term, or over five years.

Liquidity Issues:
There are no immediate liquidity issues that were indicated.

Regulatory Issues: Inherited IRA rules are unclear on the necessity of taking a RMD each year or continuing to hold and invest the capital in tax deferred accounts. Further guidance from IRA as 2022 evolves will clarify the situation.

Tax Issues:
Within the context of the taxable account, to be as tax efficient as possible.

Liabilities:
The couple has two mortgages on houses, checking accounts at work related credit unions, and an emergency fund. John and Jane have mortgages on two houses.

Benchmark: S & P 500

Current Situation:

John and Janehave put together a portfolio which is composed of individual stocks, equity and bond mutual funds, and ETFs. The bulk of the assets lie in an IRA which was built as part of a 401k from HP and rolled over when changing jobs. The portfolio has over a million dollars of assets, with approximately twenty five percent in bond funds. With a rising interest rate environment, high multiple growth stocks and traditional fixed income assets have suffered losses during the first quarter of 2022.

Strategy:
The individual stock holdings and a few equity mutual funds and index funds currently in place are good holdings which will require a little repositioning on a few specific positions (one related to custodial restrictions, the other is exposed to high multiple holdings). The reposition will be to replace a few equity funds with a global equity ETF, utilities, pharmaceuticals, real estate, energy, and large consumer staple entities which all pay dividends and should see less volatility relative to high multiple growth companies. On the fixed income side, changing the allocation to floating rate bonds and TIPS ETFs would help neutralize the inflation risk. We discussed the rising interest rate and inflation trends and the couple wanted to stay away from bonds related situations.

The existing asset allocation of 80-90% equities and 10-20% fixed income is the target.

Specific Real Estate, Utility, Energy, and Pharmaceutical Possibilities: 40%

Real Estate: 10%

Utility ETF (10%):

Energy (10-20%):

BP, Royal Dutch Shell, Parr Pacific, Parkland Fuel (BP, Shel,, PARR, PKIUF)

Health Care (10%):

Global Equity Index (10%)-

Mid Size/Smaller Companies (10-20%) -

Fixed Income (10-20%)

Cash (0-10%)-