



Investing 202:

# PORTFOLIO MANAGEMENT

Leveling up your investing.







# **CHALLENGES & QUESTIONS**



# **RISK, RETURN, RESEARCH**



# **GETTING STARTED**





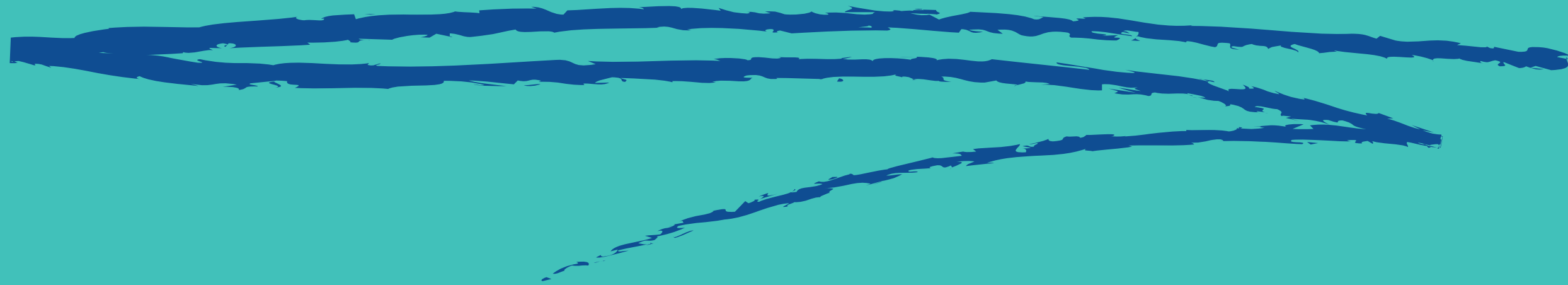
# LAWYER TALK

**READY?**

**Let's get you started on the path to financial freedom.**

- \$ Investments have risks and you should know what they are before investing your hard-earned money – you could lose all of it!**
- \$ We're not going to talk about cryptocurrencies or cannabis – see previous bullet point.**
- \$ What we talk about today is for educational purposes only – it's not specific advice.**
- \$ I'm not your accountant and this is not tax advice – we're talking about general concepts.**
- \$ I'm also not your lawyer.**
- \$ You should always work with qualified professionals for your own individual circumstances.**
- \$ What I say may not make you wealthier, but it will make you wiser.**

# CHALLENGES & QUESTIONS





# What's eating away at your *returns*?



**Taxes**



**Inflation**



**Fees**



# COMMON INVESTING MISTAKES

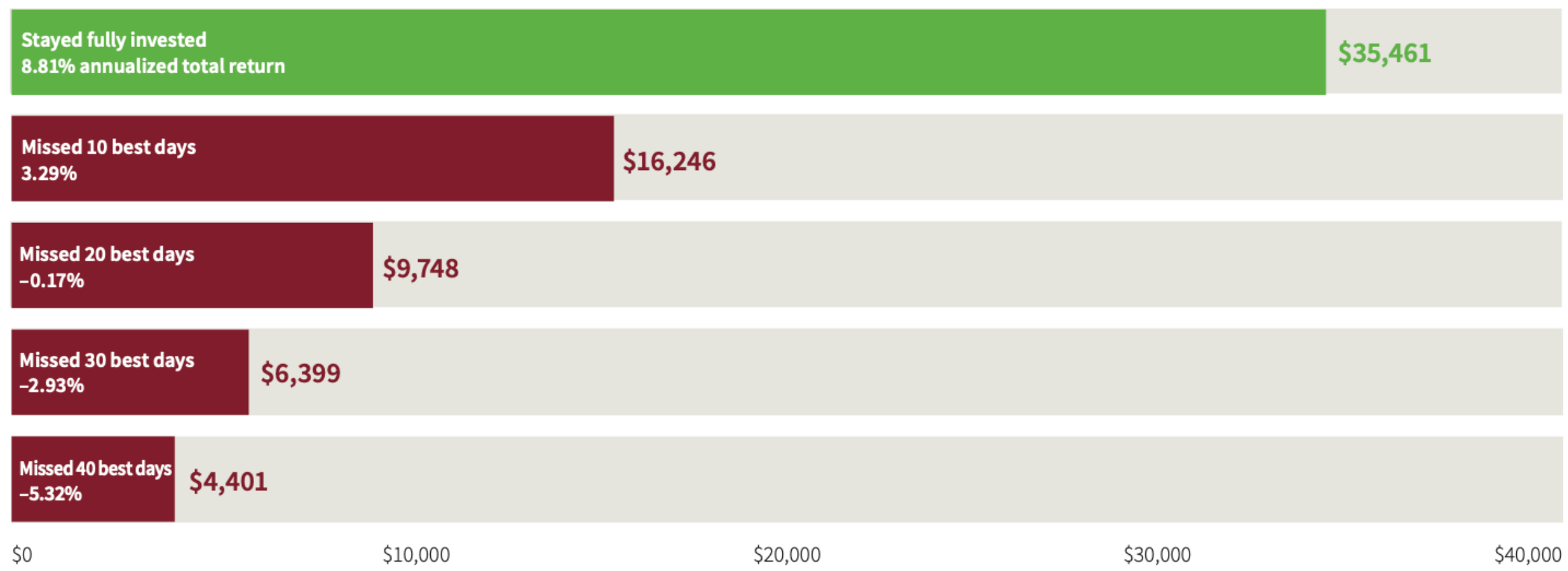
*Next* →



# MARKET TIMING

Stay invested so you don't miss the market's best days

\$10,000 invested in the S&P 500 (12/31/07-12/31/22)

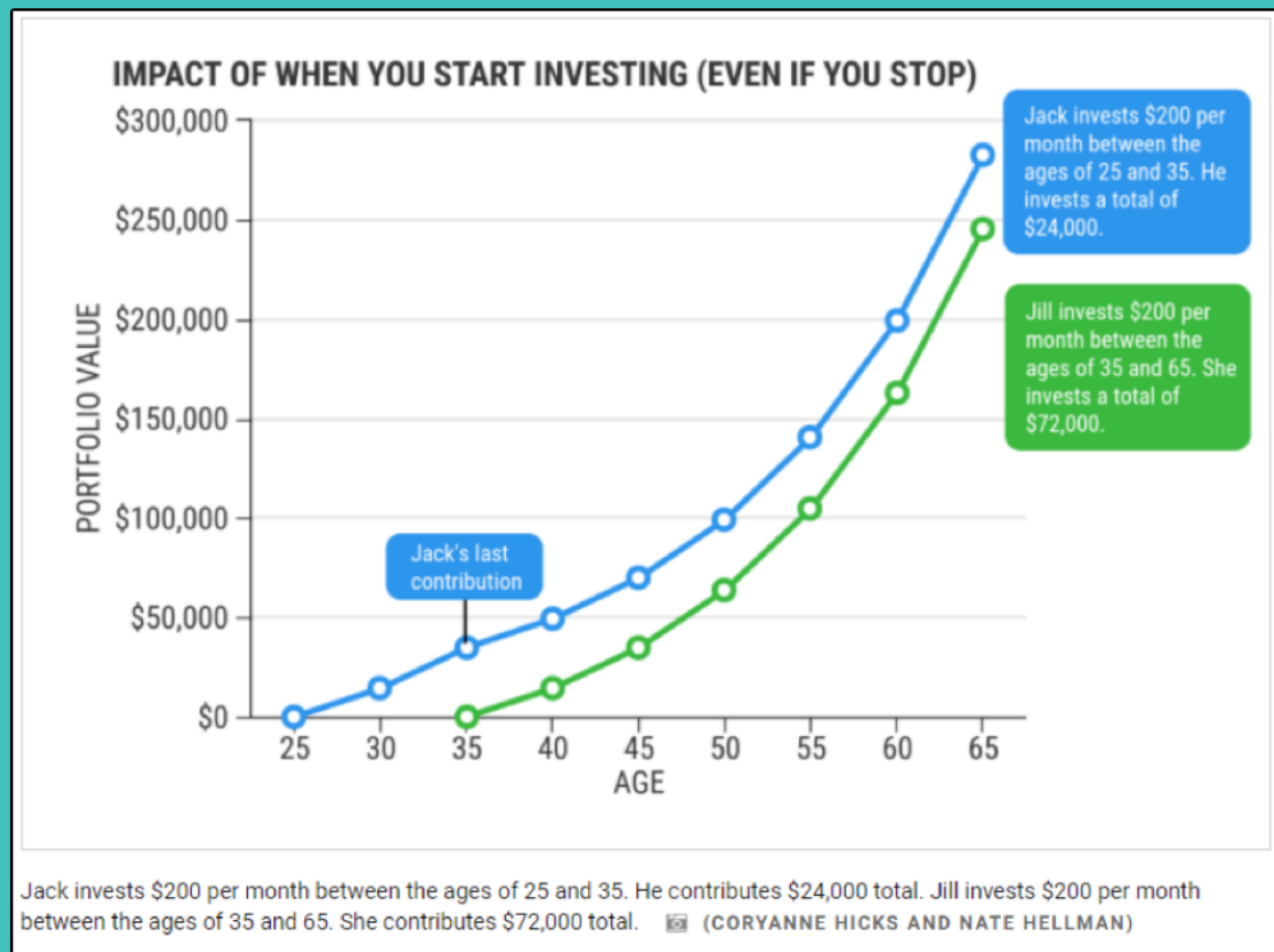


By staying fully invested over the past 15 years, you would have earned \$19,215 more than someone who missed the market's 10 best days.

Data is historical. Past performance is not a guarantee of future results. The best time to invest assumes shares are bought when market prices are low.



# WAITING TO INVEST



(Assuming a 7% flat rate)

\*hypothetical example\*



## Ask yourself:

- \$ How much am I willing to lose?**
- \$ How long do I have until I need the money?**
- \$ Do I want my investing to reflect certain values?**
- \$ Do I need immediate access to the money?**
- \$ Do my expectations align with my investments?**

**BEFORE  
YOU START**

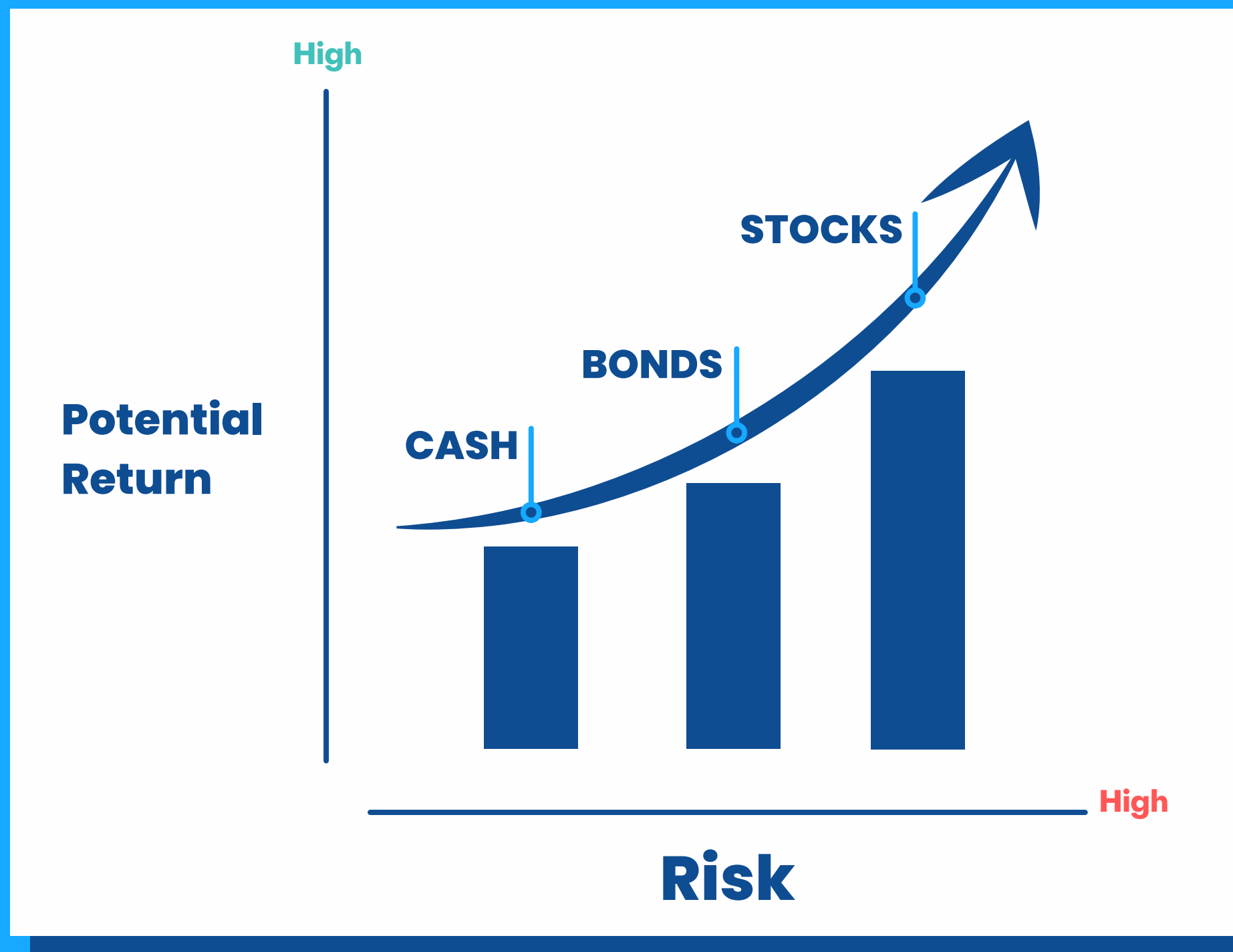




# RISK, RETURN, RESEARCH



# RISK VS. RETURN



Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low interest rate environment increases this risk. Current reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. Equities may decline in value due to both real and perceived general market, economic and industry conditions. High yield, lower-rated securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not.



# What does *this* mean?

**This indicates that:**

The higher  the risk

The higher  the reward

*\*and vice versa*

**An investor (you) must consider their individual risk tolerance when constructing a portfolio**

**Things to consider include overall risk tolerance but also the potential to replace lost funds**



**HOW TO  
READ A**

**RESEARCH  
REPORT**

**Benchmarks**

**MPT Statistics**

- ⌘ Alpha
- ⌘ Beta
- ⌘ R-squared

**Risk/Return Stats**

- ⌘ Sharpe ratio
- ⌘ Standard deviation

**Expense Ratios  
&  
Share Classes**



# American Funds Growth Fund of Amer A (USD)

**Morningstar Analyst Rating™**  
**Bronze**  
 03-01-2023

**Overall Morningstar Rating™**  
 ★★★  
 1,139 US Fund Large Growth

**Standard Index**  
 S&P 500 TR USD

**Category Index**  
 Russell 1000  
 Growth TR USD

**Morningstar Cat**  
 US Fund Large Growth

**Performance 03-31-2023**

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2021	2.47	8.31	0.96	6.50	19.34
2022	-10.70	-21.97	-2.70	2.19	-30.72
2023	11.17	—	—	—	11.17

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-18.71	12.03	7.61	11.17	13.06
Std 03-31-2023	-18.71	—	7.61	11.17	13.06
Total Return	-13.75	14.27	8.89	11.83	13.19
+/- Std Index	-6.02	-4.34	-2.30	-0.41	—
+/- Cat Index	-2.85	-4.31	-4.77	-2.76	—
% Rank Cat	65	62	75	60	
No. in Cat	1250	1139	1053	809	

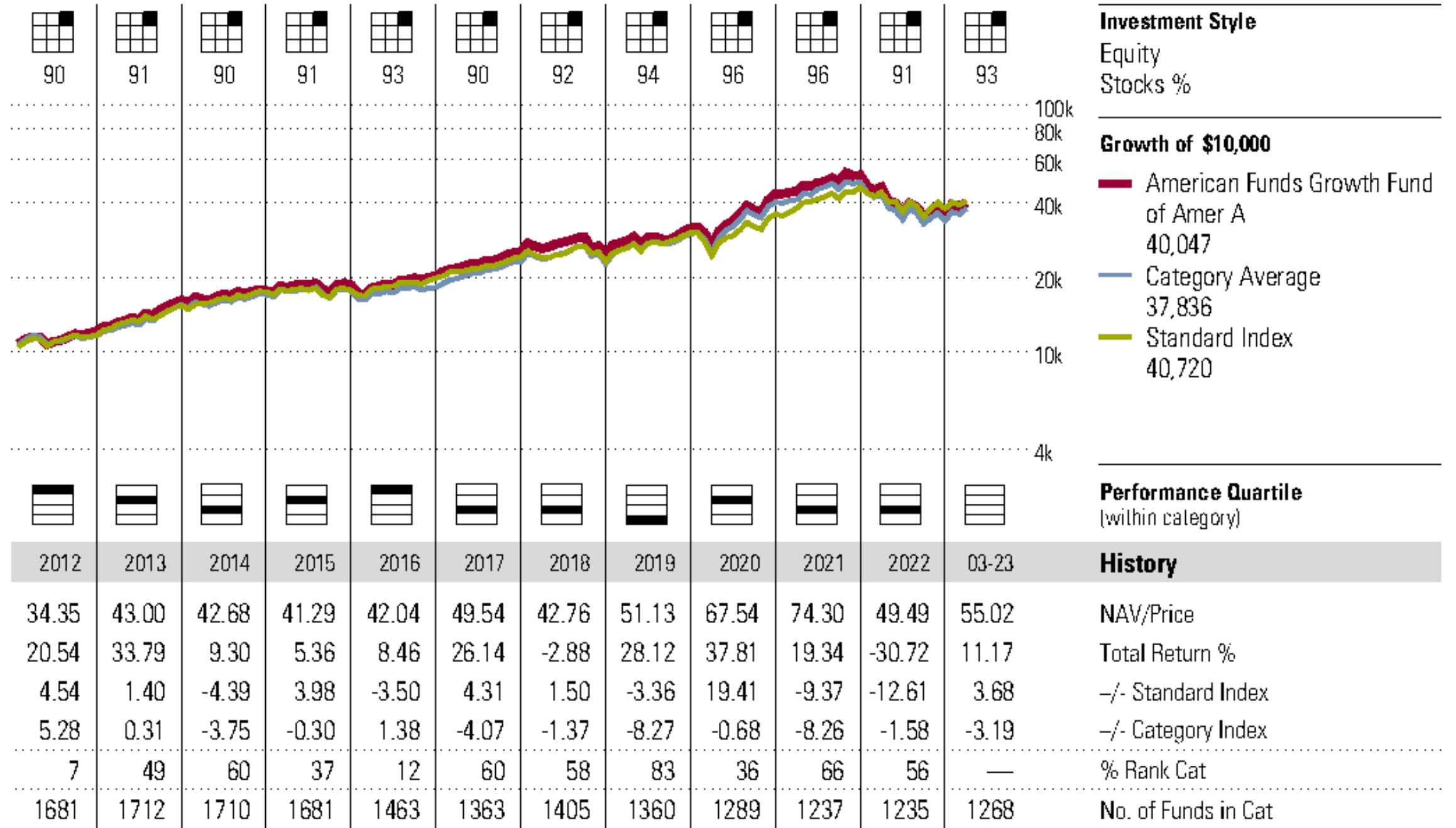
	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 03-31-23	0.00	0.00

**Performance Disclosure**

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-4225 or visit [www.americanfunds.com](http://www.americanfunds.com).



**Investment Style**  
 Equity  
 Stocks %

**Growth of \$10,000**

- American Funds Growth Fund of Amer A: 40,047
- Category Average: 37,836
- Standard Index: 40,720

**Performance Quartile**  
 (within category)

**History**

NAV/Price  
 Total Return %  
 -/- Standard Index  
 -/- Category Index  
 % Rank Cat  
 No. of Funds in Cat

## Fees and Expenses

### Sales Charges

Front-End Load % **5.75**

Deferred Load % **NA**

### Fund Expenses

Management Fees % 0.26

12b1 Expense % 0.24

Gross Expense Ratio % **0.60**

## Risk and Return Profile

	3 Yr 1,139 funds	5 Yr 1,053 funds	10 Yr 809 funds
Morningstar Rating™	3★	2★	3★
Morningstar Risk	Avg	-Avg	-Avg
Morningstar Return	Avg	-Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	22.04	20.20	16.07
Mean	14.27	8.89	11.83
Sharpe Ratio	0.66	0.45	0.72

MPT Statistics	Standard Index	Best Fit Index Morningstar Gbl Growth TME NR USD
Alpha	-4.95	0.76
Beta	1.10	1.06
R-Squared	91.85	96.07

12-Month Yield	0.29%
Potential Cap Gains Exp	0.05%

## Portfolio Analysis 03-31-2023

Asset Allocation %	Net %	Long %	Short %
Cash	6.28	6.29	0.01
US Stocks	80.90	80.90	0.00
Non-US Stocks	12.21	12.21	0.00
Bonds	0.11	0.11	0.00
Other/Not Clsfd	0.49	0.49	0.00
Total	100.00	100.01	0.01

### Equity Style

Val	3br	5br	10br

### Portfolio Statistics

	Portl Avg	Rel Index	Rel Cat
P/E Ratio TTM	20.7	1.01	0.81
P/C Ratio TTM	15.6	1.01	0.79
P/B Ratio TTM	4.4	1.17	0.68
Geo Avg Mkt Cap \$mil	116517	0.62	0.39

### Fixed-Income Style

3r	5r	10r

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

### Credit Quality Breakdown —

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

### Regional Exposure

	Stocks %	Rel Std Index
Americas	90.6	0.92
Greater Europe	7.5	7.13
Greater Asia	1.9	52.41

## Top Holdings 12-31-2022

Share Chg since 12-2022	Share Amount	Holdings : 341 Total Stocks , 0 Total Fixed-Income, 30% Turnover Ratio	Net Assets %
+	170 mil	Capital Group Central Cash Fund	8.75
-	44 mil	Microsoft Corp	5.48
-	12 mil	UnitedHealth Group Inc	3.40
+	9 mil	Broadcom Inc	2.67
-	55 mil	Amazon.com Inc	2.37
-	33 mil	Meta Platforms Inc Class A	2.04
+	13 mil	Netflix Inc	1.91
-	41 mil	Alphabet Inc Class C	1.87
+	9 mil	Mastercard Inc Class A	1.61
-	24 mil	Tesla Inc	1.52
+	31 mil	General Electric Co	1.35
-	4 mil	Thermo Fisher Scientific Inc	1.26
-	27 mil	Alphabet Inc Class A	1.23
+	6 mil	Eli Lilly and Co	1.15
-	53 mil	Carrier Global Corp Ordinary Shares	1.13

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>29.9</b>	<b>1.07</b>
Basic Materials	2.9	1.22
Consumer Cyclical	18.8	1.81
Financial Services	8.1	0.65
Real Estate	0.1	0.05
<b>Sensitive</b>	<b>50.5</b>	<b>1.06</b>
Communication Services	11.8	1.46
Energy	4.6	0.99
Industrials	10.7	1.27
Technology	23.4	0.88
<b>Defensive</b>	<b>19.6</b>	<b>0.80</b>
Consumer Defensive	3.2	0.44
Healthcare	15.6	1.09
Utilities	0.8	0.29

# Vanguard 500 Index Admiral (USD)

**Morningstar Analyst Rating™**  
**Gold**  
 02-03-2023

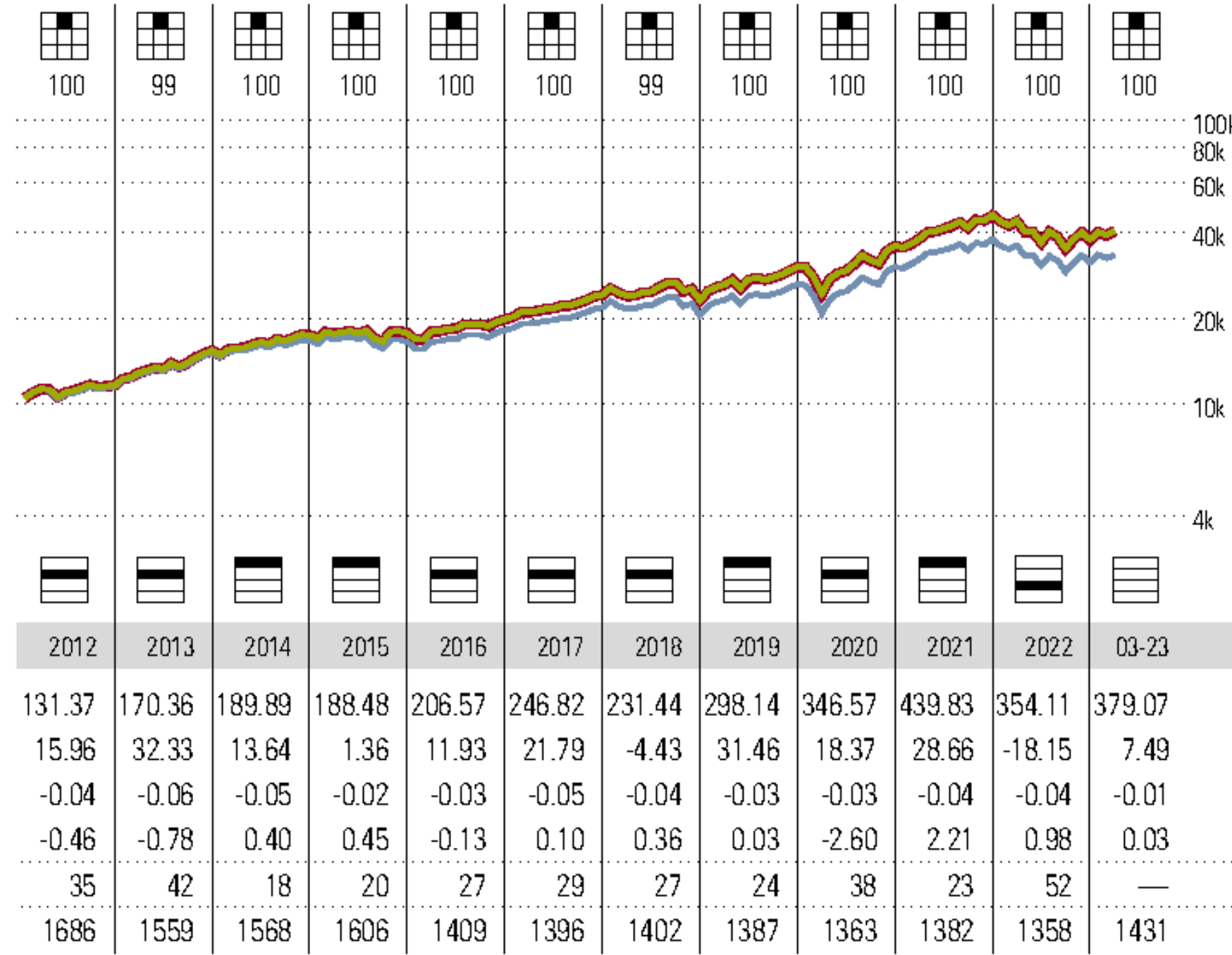
**Overall Morningstar Rating™**  
 ★★★★★  
 1,233 US Fund Large Blend

**Standard Index**  
 S&P 500 TR USD

**Category Index**  
 Russell 1000 TR USD

**Morningstar Cat**  
 US Fund Large Blend

Performance 03-31-2023					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2021	6.18	8.54	0.57	11.02	28.66
2022	-4.61	-16.11	-4.89	7.55	-18.15
2023	7.49	—	—	—	7.49
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-7.77	18.56	11.15	12.20	7.12
Std 03-31-2023	-7.77	—	11.15	12.20	7.12
Total Return	-7.77	18.56	11.15	12.20	7.12
+/- Std Index	-0.04	-0.04	-0.04	-0.04	—
+/- Cat Index	0.62	0.01	0.28	0.19	—
% Rank Cat	53	31	21	11	
No. in Cat	1367	1233	1123	829	



Investment Style
Equity Stocks %
Growth of \$10,000
Vanguard 500 Index Admiral 40,562
Category Average 33,380
Standard Index 40,720
Performance Quartile (within category)
History
NAV/Price
Total Return %
-/- Standard Index
-/- Category Index
% Rank Cat
No. of Funds in Cat

**Performance Disclosure**  
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.  
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### Fees and Expenses

#### Sales Charges

Front-End Load %

NA

Deferred Load %

NA

#### Fund Expenses

Management Fees %

0.04

12b1 Expense %

NA

Gross Expense Ratio %

0.04

### Risk and Return Profile

	3 Yr 1,233 funds	5 Yr 1,123 funds	10 Yr 829 funds
Morningstar Rating™	4★	4★	5★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
	3 Yr	5 Yr	10 Yr
Standard Deviation	19.23	18.64	14.85
Mean	18.56	11.15	12.20
Sharpe Ratio	0.92	0.58	0.79

MPT Statistics	Standard Index	Best Fit Index S&P 500 TR USD
Alpha	-0.04	-0.04
Beta	1.00	1.00
R-Squared	100.00	100.00

12-Month Yield	1.60%
Potential Cap Gains Exp	28.34%

### Portfolio Analysis 02-28-2023

Asset Allocation %	Net %	Long %	Short %
Cash	0.31	0.31	0.00
US Stocks	98.56	98.56	0.00
Non-US Stocks	1.13	1.13	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

#### Equity Style

Value	30yr	20yr

#### Portfolio Statistics

	Port Avg	Rel Index	Rel Cal
P/E Ratio TTM	19.9	0.96	1.06
P/C Ratio TTM	14.6	0.95	0.90
P/B Ratio TTM	3.6	0.96	1.05
Geo Avg Mkt Cap \$mil	170383	0.90	0.76

#### Fixed-Income Style

30	10	0

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

#### Credit Quality Breakdown —

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

#### Regional Exposure

	Stocks %	Rel Std Index
Americas	98.9	1.00
Greater Europe	1.1	1.04
Greater Asia	0.0	1.00

Share Chg since 01-2023	Share Amount	Holdings :	Net Assets %
		504 Total Stocks , 0 Total Fixed-Income, 2% Turnover Ratio	
⊕	347 mil	Apple Inc	6.62
⊕	173 mil	Microsoft Corp	5.58
⊕	206 mil	Amazon.com Inc	2.51
⊕	58 mil	NVIDIA Corp	1.74
⊕	62 mil	Tesla Inc	1.66
⊕	42 mil	Berkshire Hathaway Inc Class B	1.65
⊕	139 mil	Alphabet Inc Class A	1.62
⊕	123 mil	Alphabet Inc Class C	1.44
⊕	96 mil	Exxon Mobil Corp	1.36
⊕	22 mil	UnitedHealth Group Inc	1.34
⊕	68 mil	JPMorgan Chase & Co	1.26
⊕	61 mil	Johnson & Johnson	1.20
⊕	52 mil	Meta Platforms Inc Class A	1.18
⊕	38 mil	Visa Inc Class A	1.07
⊕	55 mil	Procter & Gamble Co	0.98

#### Sector Weightings



	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>29.7</b>	<b>1.07</b>
Basic Materials	2.5	1.05
Consumer Cyclical	10.5	1.01
Financial Services	14.0	1.12
Real Estate	2.8	1.05
<b>Sensitive</b>	<b>45.9</b>	<b>0.96</b>
Communication Services	7.7	0.95
Energy	4.8	1.04
Industrials	8.7	1.03
Technology	24.7	0.93
<b>Defensive</b>	<b>24.4</b>	<b>1.00</b>
Consumer Defensive	7.1	0.99
Healthcare	14.4	1.01
Utilities	2.8	0.99



# GETTING STARTED

**1**

## **DIY**

-  **Relatively low cost**
-  **Complete control over creating and managing your portfolio**



**2**

## **ROBO-ADVISORS**

-  **Relatively low cost**
-  **Some control over creating and managing a portfolio**

**3**

## **PROFESSIONAL PORTFOLIO MANAGER**

-  **Relatively higher cost**
-  **Professional management of portfolio**



**JOHN CASERTA**

[calendly.com/jcaserta](https://calendly.com/jcaserta)



**NATHALIE EDEEN**

[calendly.com/nedeen-1](https://calendly.com/nedeen-1)



**AMY CROOKSHANK**

[calendly.com/acrookshank](https://calendly.com/acrookshank)



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