Memorandum

TO: Dr. Cristobal de la Torre

FROM: Alexis Covarrubias Gonzalez

DATE: November 22, 2022

SUBJECT: Securities Portfolio Results

Securities and Stock Performance Results

Over the course of the last eleven weeks, the market experienced some signs of bear territory due to the slowing economy and many other factors that caused the overall portfolio and the S&P 500 to experience a loss. As stated before, the S&P 500 and the S&P Government & Corporate Bond Index were used as market proxies to instill a solid comparison between the securities portfolio and bond performance. Given all those factors, along with internal management issues and companies pursuing risky projects, both bond and securities performances suffered losses through late September and mid-October. Unlike the S&P Government & Corporate Bond Index, the S&P 500 experienced major volatility, reaching all-time lows in the middle of October.

Given the current state of the market over the last eleven weeks, the overall portfolio showed a loss of ($10,700.38) in securities and a loss of ($3,118.80) in overall bond performance. This resulted in a total loss of ($13,819.18) as of November 18, 2022 and is previewed below.

Table 1: Portfolio Performance

Category	Beginning Value	Ending Value	Gain/Loss	Return
Securities	$99,959.33	$89,258.95	-$10,700.38	-10.7
Bonds	$99,231.20	$96,112.40	-$3,118.80	-3.14
Total Portfolio	$199,190.53	$185,371.35	-$13,819.18	-6.94
S&P 500	$3,924.26	$3,965.34	$41.08	4.95
S&P U.S. Government & Corporate Bond Index	$103.75	$101.00	-$2.75	-2.65

The overall securities performance greatly underperformed against the S&P 500, Tesla Inc. being the greatest factor in this outcome. With a return of -33.31%, this caused a ($12,602.80) loss within the portfolio, Apple Inc was the only other stock that suffered a loss of ($406.80). The bonds performed in similar way, but on a much smaller scale with a total loss of ($3,118.80). Comparing these results with the S&P Government & Corporate Bond Index, it was reasonable for such results as both under performed and resulted in a loss.

Table 2: Security Performance

Symbol	Company	Purchase Value	End Value	Gain/Loss	Return	Annualized (r)
AAPL	Apple, INC.	$14,022.90	$13,616.10	-$406.80	-2.90	-13.71
TSLA	Tesla, INC.	$37,829.40	$25,226.60	-$12,602.80	-33.31	-157.49
WMT	Walmart, INC.	$13,300.00	$15,023.00	$1,723.00	12.95	61.24
VOO	Vanguard 500 Index Fund	$27,033.75	$27,299.25	$265.50	0.98	4.64
WSHFX	American Funds Washington Class F-1	$7,773.28	$8,094.00	$320.72	4.13	19.50
Portfolio		$99,959.33	$89,258.95	-$10,700.38	-10.70	-50.60

Stocks

Apple, Inc. (APPL) experienced a loss of ($406.80) due to many investors being concerned of supply shortages and a potentially slowing economy. This is a common trend amongst tech stocks, as supplies are in high demand and production is slow. Once supply chains are able to be stable and established, there can be a rise in stock price across all technology markets.[1]

Tesla, Inc. (TSLA) suffered the greatest lost in the portfolio with a return of (33.31%) and an overall loss of ($12,602.80). Similar to Apple, Inc. Tesla has suffered major supply issues as they released a statement affirming that their own factories have been running below capacity for several quarters as supply chain became the main limiting factor, which is likely to continue through 2022.[2]

Walmart, Inc. (WMT) was the only stock that experienced growth with a return of 12.95% and a gain of $1,723. Since Walmart, Inc. is in the consumer defense category, it's usual for stocks in this category to perform well and be relatively safe. Comparing the performance of this stock with the S&P 500, they worked hand and hand performing about the same throughout all eleven weeks.

Mutual Fund and Exchange Traded Fund

Vanguard 500 Index Fund (VOO) invest heavily in a variety of different sectors including technology, healthcare, financial services and consumer cyclical. Overall, this ETF experienced a

[1] https://www.fool.com/investing/2022/07/12/why-apple-stock-is-down-17-so-far-this-year/#:~:text=The%20stock%20hasn%27t%20recovered%20since.%20Year%20to%20date%2C,supply%20chain%20shortages%20and%20a%20potentially%20slowing%20economy.

[2] https://www.aljazeera.com/economy/2022/10/20/tesla-stock-down-9-percent-on-growth-worries#:~:text=Tesla%20stock%2C%20which%20is%20down%2037%20percent%20so,5.6%20percent%20below%20Wednesday%E2%80%99s%20closing%20price%20of%20%24222.04.

positive return of 0.98 and a gain of $265.50. Since its investments are diversified across many categories it's protection against systemic risk is low.

American Funds Washington Class F-1 (WSHFX) also experienced a positive return with a return of 4.13% and a gain of $320.72. This was the only other investment that achieved a positive outcome, and helped aid the loss suffered by Tesla, Inc.

Bonds

Both bonds suffered a loss and a much smaller scale compared to the over securities portfolio, but compared to the S&P U.S. Government & Corporate Bond Index, they both performed very similar. In total, both bonds combined experienced a negative return of -3.14% and a loss of ($3118.80).

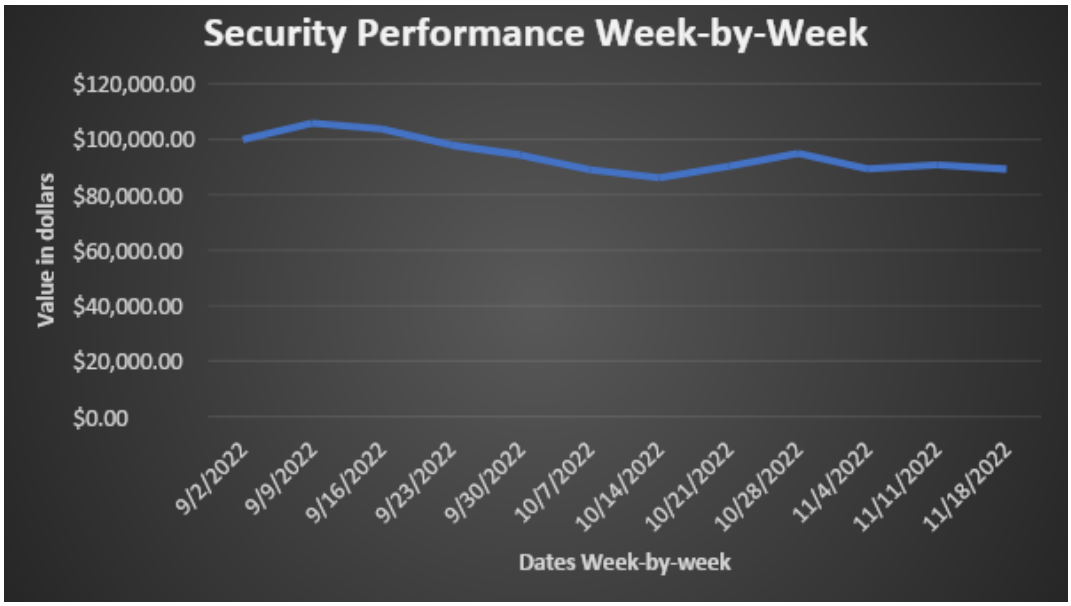
Table 3: Bond Performance

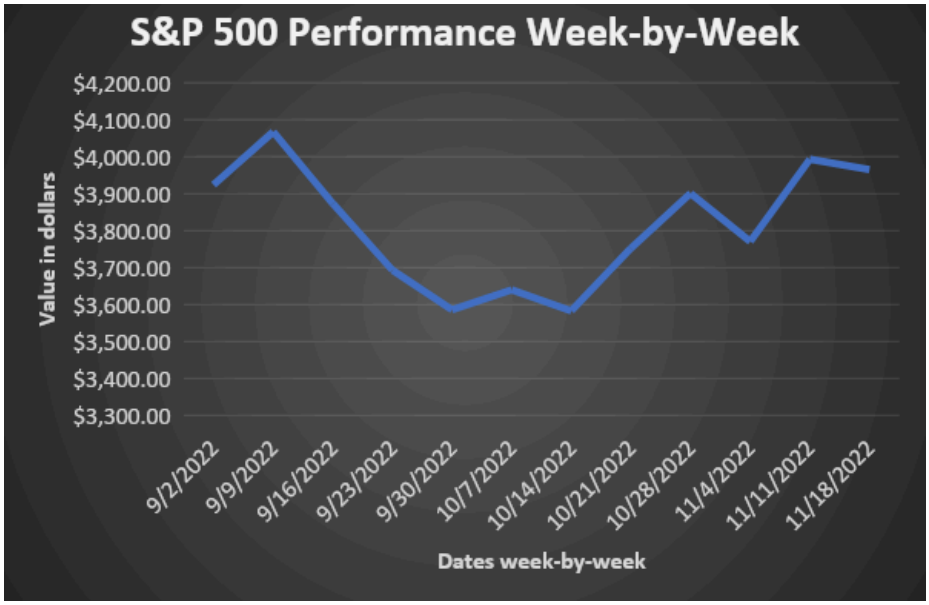
Symbol	Rating	Purchase Value	End Value	Gain/Loss	Return
C4271656	BBB+	$49,831.00	$47,004.80	-$2,826.20	-5.67
F4274983	BB+	$49,400.00	$49,007.60	-$392.40	-0.79
		$99,231.20	$96,112.40	-$3,118.80	-3.14

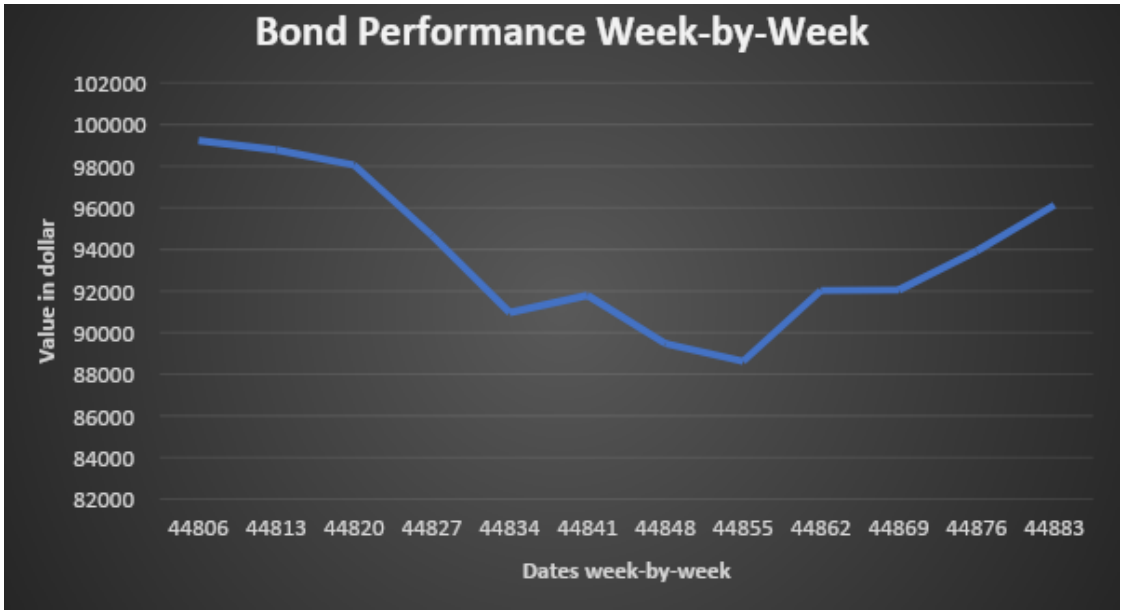
Final Analysis

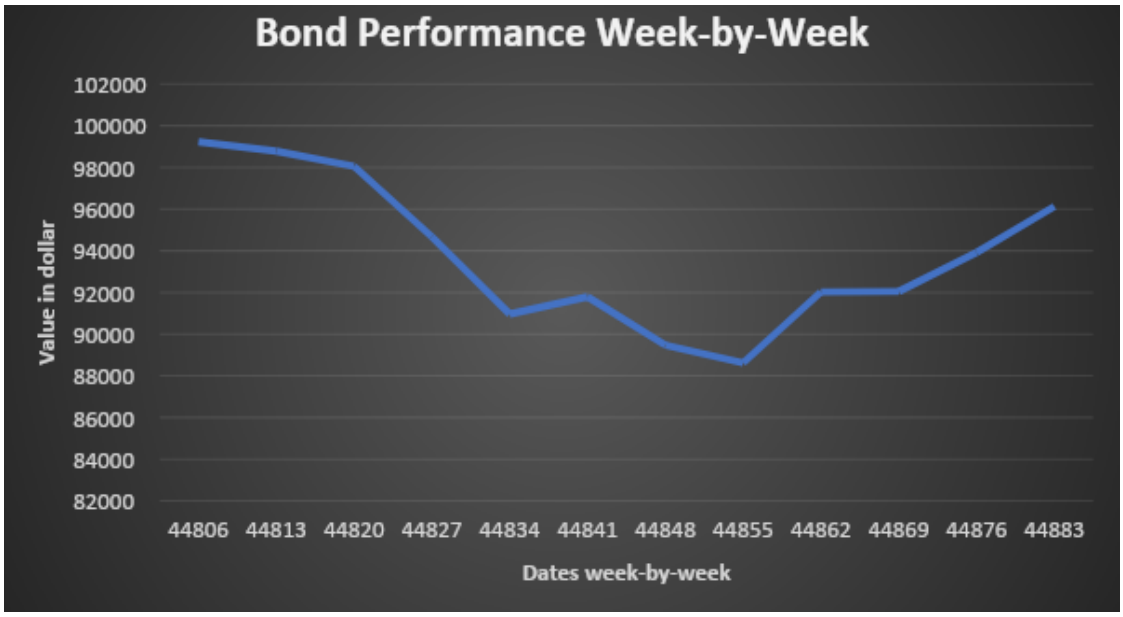
Both the securities and bonds suffered total losses over the eleven-week period, and experienced downward trendlines overall. This underperformance of all investment can be due to recent events resulting in economy experiencing bearish territory and major supply chain complications. Only three of the investments found within the portfolio maintained a positive upward trend, along with the S&P 500 also performing well.

Diversification amongst these investments could have been adapted to more sectors outside technology, but with the slowing economy it would've been better to invest in more consumer defensive stocks like Walmart, Inc.


Security Performance Week-by-Week
$120,000.00
$100,000.00
$80,000.00
$60,000.00
$40,000.00
$20,000.00
$0.00
Value in dollars
9/2/2022
9/9/2022
9/16/2022
9/23/2022
9/30/2022
10/7/2022
10/14/2022
10/21/2022
10/28/2022
11/4/2022
11/11/2022
11/18/2022
Dates Week-by-week


S&P 500 Performance Week-by-Week
$4,200.00
$4,100.00
$4,000.00
$3,900.00
$3,800.00
$3,700.00
$3,600.00
$3,500.00
$3,400.00
$3,300.00
Value in dollars
9/2/2022
9/9/2022
9/16/2022
9/23/2022
9/30/2022
10/7/2022
10/14/2022
10/21/2022
10/28/2022
11/4/2022
11/11/2022
11/18/2022
Dates week-by-week


Bond Performance Week-by-Week
102000
100000
98000
96000
94000
92000
90000
88000
86000
84000
82000
Value in dollar
44806 44813 44820 44827 44834 44841 44848 44855 44862 44869 44876 44883
Dates week-by-week


Bond Performance Week-by-Week
102000
100000
98000
96000
94000
92000
90000
88000
86000
84000
82000
Value in dollar
44806 44813 44820 44827 44834 44841 44848 44855 44862 44869 44876 44883
Dates week-by-week