

Equity holdings for individual investors essays example

[Business](#), [Company](#)



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Summary of the Recommendations

Investment from every angle is made to provide economic effectiveness for the individuals as well as organizations. However, it is more than essential for the individuals to select the best alternatives for their investment purpose. The core perspective of every investment is to bring future economic benefits for the investors, and it should be done accordingly. In this assignment, it is more than like an advice for Miss. Kim and Mr. Rich about the investment opportunities, and what would be benefits and issues by investing in this manner. Kim and Rich were more towards the investment in the Real Estate, but they are also familiar about the equity or stock investment. They are seeking advice with a professional firm to help them and advising them regarding the proposed investment strategy.

Miss. Kim and Mr. Rich are two educated professionals with a Chemist and Business Graduated degree respectively. At the moment they have \$ 150, 000 in cash, and they have \$ 175, 000 in Vanguard while \$ 125, 000 is in the saving accounts with American Bank. By analyzing the current situation of

Rich and Kim, it is found that the financial position of the couple is strong; however they are not aggressive investors. Therefore, an investment strategy should be proposed which surrounds with low riskiness.

First of all, it is recommended to Rich and Kim to go with the stock investment, not with the real estate investment at this time, because they have limited amount of cash availability. The amounts of Vanguard and in the saving account are safe, and there is no need to withdraw that amount from their original places. It is advised to Miss Kim and Mr. Rich to select Option B for the investment purpose, which institutionalized that a big chunk of amount should be invested in ten different individual stocks of the choices. It is recommended to them to make a perfect stock portfolio consisting on different companies which will yield a high return to them at the end of the day. The names of the companies for the investment purpose is mentioned below

- Kraft Foods (56. 44\$)
- KFC (69. 80\$)
- McDonalds (91. 01\$)
- Morgan Stanley (34. 06\$)
- Proctor & Gamble (84. 61\$)
- Philip Morris USA (87. 45)
- Pfizer (28. 28\$)
- Starbucks (74. 36\$)
- Wells Fargo (50. 45\$)
- Microsoft (44. 88\$)

All of these companies are economically effective and powerful, and it will

certainly be effective for the couple to park their money in the stocks of the company. The share price of each of the security is mentioned against the name of the company. On the basis of the current share price of the companies, the proportion will be set. The percentage of investment allocated to each of the stock selected is as follows

The current time is a good time to invest in the stocks, because the economic position of the United States is starting to get firmer after the current economic downturn. The companies which affected a lot during the current economic crisis have now come again on their feet to encourage the way people would park their investment their valuables earnings in them. The company should not worry about their other accounts in Vanguard and other firms and it is recommended not to worry about these things.

How and why the stocks are Selected

Stock investment is more than essential for the sake of an organization, as well as for the individuals. It is the only method that has a direct linkage with the financial and economic positions of the individuals. Stocks are selected on the basis of their variability and fluctuation, as through such fluctuation the chance of getting high yield and return is possible for the individuals.

There are ten different companies that have been selected for the same assignment. The rationale of choosing these stocks are quite clear, as all of the companies are financially active and prosper, and have the tendency to enhance the productivity and efficacy level of the individuals. The stocks would be selected on the basis of their current price. All the prices and price fluctuation would be allocated and analyzed from the official websites of the

companies. Regarding the why question, the answer is simple, which is to get an upper hand on the current investment of the individual. One of the major reasons to select the stocks is high return analysis with minimum amount of risk in particular.

Summary Information of the Companies

There are ten different companies which have been selected for the same analysis, and all of the companies are financially active and powerful.

Morgan Stanley is an American multinational financial services corporation with its headquartering located in New York City, United States. It operates in about 42 different countries of the world. The product portfolio of the company comprises on Investment Banking, Commercial Banking, Asset management, investment management, retail brokerage and commodities. The company reported net revenue amounting to US\$ 36. 84 billion in the year 2013.

Proctor & Gamble is an American based consumer goods company that has a physical location in Ohio, the US. The products of the company comprises on foods, beverages, cleaning agents and personal care products. It is a financially viable company that report net revenue amounting to US\$ 84. 17 billion in the year 2013.

Philip Morris International Inc is a global cigarette and tobacco company which has its selling of products in 200 different parts of the countries, with a strong market share of 15. 6% outside the United States (US). The company earned net revenue of US\$ 80. 02 billion in the year 2013.

Pfizer is an American based multinational pharmaceutical corporation that

has its headquarter located in New York, the US. There are number of medicine products in which the companies complete their operations accordingly. The revenue generated by the company in the financial year 2013 was US\$ 51. 584 billion.

Starbucks is the 5th organization which has been selected for the same analysis. Starbucks is known as the largest coffee house of the United States; in fact the largest coffee house of the world, little ahead from the UK based Costa Coffee. The company is currently operating in about 60 countries of the world, and it has the ability to increase their financial belongings in the future as well. The company reported net revenue of US\$ 14. 89 billion in the year 2013 that shows their commitment and income prosperity.

Wells Fargo is a multinational banking and financial holding company with its origin of the United States (US). The company's headquarter is located in California, the US. It has somewhat similar products like Morgan Stanley. The company reported net revenue and net income amounting to US\$ 83. 78 billion and 21. 87 billion in the financial year 2013.

Microsoft Corporation is an American based multinational corporation, and it is one of the fastest growing companies of the world, and of the US as well. Apart from Windows, some of the major products of Microsoft are Xbox, Skype, Bing Office and others. It is a financially stable company with net revenue of US\$ 86. 83 billion in the year 2014.

Kraft Foods is an American grocery manufacturing and processing conglomerate located in Chicago, Illinois. The company earned net revenue of 18. 218 billion in the financial year 2013.

KFC and McDonalds are the fast food restaurants that specialize in fried

Chicken. KFC comes on the 2nd place in the restaurant Chain, but McDonalds is on the 1st place. Net revenue earned by KFC and McDonalds in the year 2013 was \$ 23 billion and \$ 28. 10 billion respectively.

Spreadsheet tables and Recommendations

The proportion of investment and the amount of shares that can buy by Kim and Rich are as follows

If the portfolio would have been made, then the mean return amount that can be earned by Kim and Rich would e like this

Invested Amount = 150, 000

Return Per year = 1. 853%

Dollar Return = 1. 853% * 150, 000

= 2, 779

The equity would become

= 150, 000 + 2, 779

= \$ 152, 779

If Kim and Rich would take this investment for a long span of time, then the amount of return would be much higher. It is recommended to Kim and Rich to part \$ 150, 000 in these ten selected stocks, because all of these stock companies are financially active and prospers, and has the tendency to enhance the shareholders equity in future. All of the indicators of the selected companies are ion the favor of investment, as the company as long term effective plans and running.