

You are an investment advisor at Noe Hope Financial. Below are three case studies. With your group, create a suggested allocation of mutual funds for each of the three case studies. How much would you allocate to each mutual fund from any lump sum the clients have? How much would you suggest they contribute each month and how much would you suggest they allocate to each mutual fund from their monthly contribution? Explain the reasons you made your choices.

**Case 1** A childless couple in their mid-40's wants you to help them start an investment program. They have just received a \$50,000 inheritance from the wife's parents. They say that they will not need the money until retirement. They each make a respectable salary and already own their own home. They currently have no savings and although each has a 401(k) program at their work, neither has taken advantage of it. The husband once lost all \$15,000 of an inheritance playing the commodities futures market. The idea of investing makes them very, very nervous.

**Case 2** A young woman in her early 20's has just graduated from college and landed a job as an elementary school teacher. She has \$18,000 in student loans. Her father is hounding her to start a retirement program now. Because she is a teacher at a public school, she is eligible for a 403(b) program. She knows absolutely nothing about investing but said her father has been investing for many years and told her she needs to start learning now. She has no immediate plans for marriage and starting a family or buying a house.

**Case 3** A divorced couple in their mid-30's are worried about sending their kids to college. They have two children, ages 2 and 7. Neither is remarried. They have joint custody and so far, the divorce has been amicable. Although both are working, neither has a 401(k) plan available at work. The father just received \$10,000 from an accident settlement. They both say that money is tight and neither has a large amount of disposable income.

*Here are the mutual funds at your disposal:*

Aggressive Growth Domestic Fund	Domestic Capital Appreciation Fund	High-Quality Corporate Bond Fund
Aggressive Growth International Fund	Wilshire 5000 Total Market Index Fund	Long-term Bond Index Fund
Aggressive Growth Biotechnology Fund	Domestic Growth & Income Fund	Short-term Bond Index Fund
Domestic Growth Stock Fund	Global Growth & Income Fund	Government Securities Bond Fund
S&P 500 Stock Index Fund	Domestic Equity-Income Fund	Municipal Bond Fund
Global Growth Stock Fund	Domestic Balanced Fund	California Municipal Bond Fund
MSCI World Stock Index Fund	High-Yield Corporate Bond Fund	Money Market Mutual Fund