

Risk Profile for:

Client's Name

Today's Date

Different investors have different risk tolerances. Much of these differences stem from the time horizon. With this in mind, an investor with a short investment time horizon is less able to withstand losses. The remaining differences are attributed to an investors tolerance for risk.

The following questions will allow us to better determine your individual Risk Profile, such as overall ability (time horizon) and willingness (risk tolerance). At the end of the questionnaire, your total score will suggest which of the five Risk Profiles suit you best.

## TIME HORIZON QUESTIONS

### 1. When do you expect to begin withdrawing from this portfolio? (Points in parentheses)

- Less than 1 year (0)
- 1 to 2 years (1)
- 3 to 4 years (3)
- 5 to 7 years (7)
- 8 to 10 years (9)
- 11 years or more (11)

Score \_\_\_\_\_

### 2. Once you begin withdrawing money from your investment, over how long a period do you anticipate the withdrawals to continue? (Points in parentheses)

- I plan to take a lump sum distribution (0)
- 1 to 2 years (2)
- 3 to 4 years (4)
- 5 to 8 years (5)
- 9 to 10 years (6)
- 11 years or more (8)

Score \_\_\_\_\_

Total Time Horizon Score (Questions 1-2) \_\_\_\_\_

## RISK TOLERANCE QUESTIONS

### 3. Inflation can greatly erode the return on your investments, especially over time. For example, in a typical year with a 3.5% inflation rate, a 6% return before inflation would have a real return of only 2.5% (6% - 3.5% = 2.5%). Which of the following portfolios is most consistent with your thoughts regarding investing and inflation? (Points in parentheses)

- Portfolio 1 will most likely exceed long-term inflation by a significant margin and has a high degree of volatility. (12)
- Portfolio 2 will most likely exceed long-term inflation by a moderate margin and has a moderate to high degree of volatility. (8)
- Portfolio 3 will most likely exceed long-term inflation by a small margin and has a small to moderate degree of volatility. (4)
- Portfolio 4 will most likely match inflation and has low degree of risk volatility. (0)

Score \_\_\_\_\_

### 4. Portfolios with the highest average returns also tend to have the highest chance of short-term losses. The table below provides the average dollar return of five hypothetical investments of \$100,000 and the possibility of lower value (ending value of less than \$100,000) or higher value (ending value of more than \$100,000) over a one-year holding period. (Points in parentheses)

Please select the portfolio with which you are most comfortable investing.

	Portfolio	Expended value of \$100,000 after one year	Chance of Higher Value after one year	Chance of Lower Value after one year
<input type="checkbox"/>	Portfolio A	\$105,500	86%	14% (0)
<input type="checkbox"/>	Portfolio B	\$106,800	83%	17% (3)
<input type="checkbox"/>	Portfolio C	\$108,200	80%	20% (6)
<input type="checkbox"/>	Portfolio D	\$109,500	78%	22% (9)
<input type="checkbox"/>	Portfolio E	\$110,600	76%	24% (12)

Score \_\_\_\_\_

**5. Investing involves a trade-off between risk and return. Historically, investments with higher returns have been associated with greater risk and chance for loss. Alternatively, cautious investments that have had a lower chance for loss, also have yielded lower returns. (Points in parentheses)**

Considering the above, which of the following statements best describes your attitude to risk?

- I am most concerned with risk. I am willing to accept the lower returns in order to limit my chance of loss. (0)
- I am willing to bear some risk and chance for loss in an effort to achieve slightly higher returns, but prefer a significant portion of my portfolio to be invested cautiously in assets. (3)
- I am willing to accept moderate risk and chance of loss in order to achieve higher returns. Limiting risk and maximizing returns are of equal importance to me. (6)
- I wish to achieve high returns on my investments. I am willing to accept high risk and chance of loss. (9)
- I am primarily concerned with maximizing the returns of my investments and am willing to accept large and sometimes dramatic short-term fluctuations in the value of this portfolio. (12)

Score \_\_\_\_\_

**6. Sometimes investment losses are permanent, sometimes they are prolonged, and sometimes they are short-term followed by market recoveries. (Points in parentheses)**

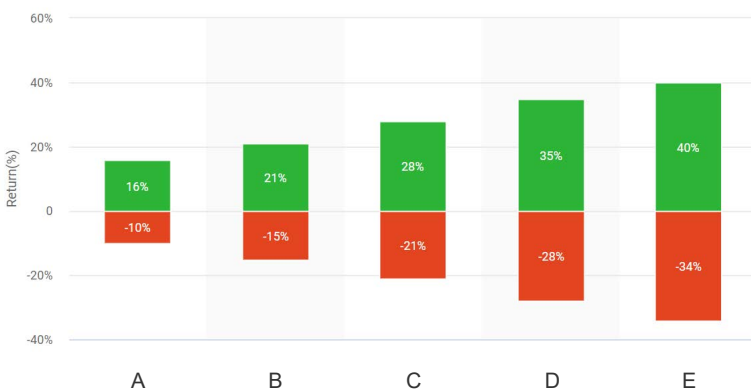
How might you respond when you experience investment losses?

- Even if my investments suffered a significant decline over several years, I would continue to follow my long-term investment strategy and not adjust my portfolio. (12)
- I can endure significant declines in the value of my investments and would wait at least one year before adjusting my portfolio. (8)
- Although declines in investment value make me uncomfortable, I would wait one - two quarters before adjusting my portfolio. (4)
- I would sell my investments immediately or change to a more conservative portfolio if they suffered substantial declines. (0)

Score \_\_\_\_\_

**7. The options below describe five sample portfolios and their potential\* portfolio gain and loss outcomes over a short time horizon (i.e. 1 year).**

Note: Investments carrying a higher risk come with the potential of achieving more gains, but also a higher possibility of incurring considerable losses.



Which of the following sample portfolios would be most attractive to you? (Points in parentheses)

- Portfolio A (0)
- Portfolio B (3)
- Portfolio C (6)
- Portfolio D (9)
- Portfolio E (12)

Score \_\_\_\_\_

Total Risk Tolerance Score (Questions 3-7) \_\_\_\_\_

## DETERMINING RISK PROFILE

The Summary Score Grid below uses the subtotals you calculated in the preceding time horizon and risk tolerance scores. To use the chart, find your Risk Tolerance Score along the left side and your Time Horizon Score across the top. Locate the intersection point situated in the area that corresponds to your Risk Profile.

Summary Score Grid

Time Horizon Score Risk Tolerance Score	0-2	3-5	6-7	8-9	10-19
0-8	Passive Income	Passive Income	Passive Income	Passive Income	Passive Income
9-23	Passive Income	Conservative	Conservative	Conservative	Conservative
24-38	Passive Income	Conservative	Moderate	Moderate	Moderate
39-53	Passive Income	Conservative	Moderate	Growth	Growth
54-60	Passive Income	Conservative	Moderate	Growth	Very Aggressive

**Score Card:**

Time Horizon Score:	
Risk Tolerance Score:	
Risk Profile:	

**Client Name** .....

Signature

Date: mm/dd/yyyy