# Risk Tolerance Assessment

These questions will help in determining your risk/reward tolerance. Complete this profile questionnaire by circling the appropriate response. Your advisor will score and discuss your responses in detail. Your answers to the following questions are used to generate an asset allocation model that may be the most appropriate to help you achieve your stated goals, taking into account your investment horizon and tolerance for risk.

1. Your investment objective and risk tolerance summarize the way you wish to invest in order to achieve your goals. This serves to define how assets should be managed in your account. While asking yourself, " What do I want most to accomplish?" select the objective that best fits the purpose of your account.

    A. My investment should be safe. Preserving value is my focus and I do not want to risk losing my principal.
    B. My investment should generate regular income I can spend.
    C. My investment should generate some current income and grow in value over time.
    D. My investment should achieve capital appreciation over time with nominal income.
    E. My investment should achieve maximum capital appreciation. There is no need for current income.

2. I am comfortable with investments that may go down in value from time to time, if they offer the potential for higher returns.

    A. Strongly Disagree
    B. Disagree
    C. Somewhat agree
    D. Agree
    E. Strongly Agree

3. Age is a very important determinant of portfolio selection. Please select your age bracket below.

    A. 65 or older
    B. 56-64
    C. 46-55
    D. 36-45
    E. 35 or younger

4. Your investment time horizon is an important variable to consider when constructing a financial strategy. How long will it be before you begin making withdrawals?

A. 0-1 Year
B. 1-2 Years
C. 2-5 Years
D. 5-10 Years
E. More than 10 years

5. Once you begin taking withdrawals from your portfolio, how long will the money in your portfolio have to last before it is depleted?
    A. Immediate lump sum
    B. Less than 1 year
    C. 1-5 Years
    D. 6-10Years
    E. 11 years or more

6. What percentage of your CURRENT income must be paid out to you each year from this investment?
    A. Over 50%
    B. 31-50%
    C. 16-30%
    D. 6-15%
    E. 0-5%

7. How long could you cover monthly living expenses with cash and short-term liquid investments you currently have on hand?
    A. 1 Month or less
    B. 1-3 Months
    C. 3-6 Months
    D. 6-12 Months
    E. 12 Months or more

8. What is your outlook for your future income from sources other than investments over the next ten years?
    A. It will greatly decrease or will be zero
    B. It will decrease, but not by much
    C. It will stay the same
    D. It will increase, but not by much
    E. It will greatly increase

9. How much investing experience do you have with stocks or stock mutual funds?
    A. None
    B. Some
    C. A fair amount
    D. A great deal

10. How much investing experience do you have with bonds or bond mutual funds?
    A. None
    B. Some
    C. A fair amount
    D. A great deal

11. What portion of your investable assets is being used for this account?
    A. Greater than 50%
    B. 25-50%
    C. 10-25%
    D. Less than 10%

12. I understand the value of my portfolio will fluctuate over time. The maximum loss in any one-year period that I am willing to accept before changing my investment strategy is (assuming you start with $100,000)?
    A. 0% (value $100,000)
    B. 5% (value $95,000)
    C. 10% (value $90,000)
    D. 20% (value $80,000)
    E. 30% (value $70,000)

13. Which of these plans would you choose for your investment dollars?
    A. You invest your dollars in fixed guaranteed investments.
    B. You go for maximum diversity by dividing your dollars among many different investments to achieve a moderate rate of return with a moderate level of risk.
    C. You would put your dollars into one investment with the highest rate of return and the most risk.

14. Due to a general market correction, one of your investments loses 14% of its value a short time after you buy it. What do you do?
    A. Sell the investment so you won't have to worry about it any longer.
    B. Hold on to it and wait for it to climb back up.
    C. Buy more of the same investment. At the new low price, it looks even better than when you originally bought it.
    D. Mortgage the house and buy as much as possible to lower your average cost basis on the investment.

15. You have an opportunity to fund an underwater salvage operation to recover sunken treasure. The chances of finding the vessel are 25%. But, if recovered, you could earn 75-100 times your investment. How much do you invest?
    A. Nothing at all
    B. One month's salary
    C. Three months salary
    D. Six months salary

16. Investing internationally entails additional risk factors such as currency, politics, etc. While these investments may be more volatile than United States investments, over the long term they may tend to produce higher rates of return. Which describes your attitude about investing internationally?
    A. I would not invest
    B. I would invest a portion of my assets
    C. I would invest a majority of my assets

17. You have just reached the $10,000 plateau on a game show. Do you quit with the $10,000 or do you bet the entire $10,000 in one of three categories?
    A. Take the money and run
    B. A 50% chance of winning $50,000
    C. A 20% chance of winning $75,000
    D. A 5% chance of winning $100,000

18. Regarding your current situation, which statement best describes your attitude:
    - I am happy with the result of my portfolio.
    - I would like to enhance my returns without adding undue risk to my portfolio.
    - I do not know what my portfolio has done.
    - I am willing to look at alternative investment as a way of attaining my goals.

19. Are there any legal or tax considerations, which may affect the manner in which your assets are invested?

20. Do you anticipate any major expenditure that may require the liquidation of part or all of your investment portfolio? If so, please list the frequency and amount below.

21. Are there any special considerations that may affect the manner in which your assets are to be managed?

Client Signature Date

Name (Printed)

Client Signature Date

Name (Printed)

# Scoring

| Question# | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Answer | | | | | | | | | | | | | | | | | | |
| Score | | | | | | | | | | | | | | | | | | |
| A | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| B | 2 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 5 | 3 | 3 | 5 | 3 | |
| C | 3 | 5 | 5 | 5 | 5 | 5 | 3 | 5 | 5 | 5 | 5 | 5 | 9 | 7 | 7 | 9 | 7 | |
| D | 5 | 7 | 7 | 7 | 7 | 7 | 5 | 7 | 7 | 7 | 7 | 7 | | 9 | 9 | | 9 | |
| E | 7 | 9 | 9 | 9 | 9 | 9 | 7 | 9 | | | | 9 | | | | | | |

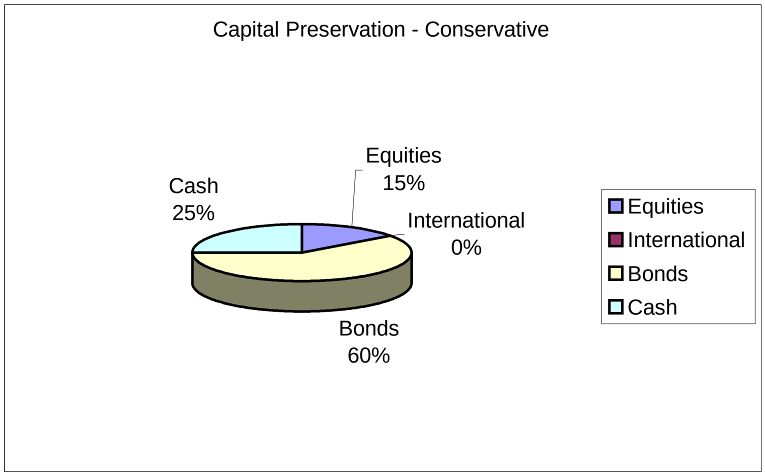
| Risk Category | Score |
|---|---|
| Capital Preservation - Conservative | 17-34 |
| Income - Conservative to Moderate | 35-54 |
| Income/Growth - Moderate | 55-74 |
| Long Term Growth - Moderate to Aggressive | 75-109 |
| Aggressive Growth – Capital Appreciation | 110-143 |

## Asset Allocation

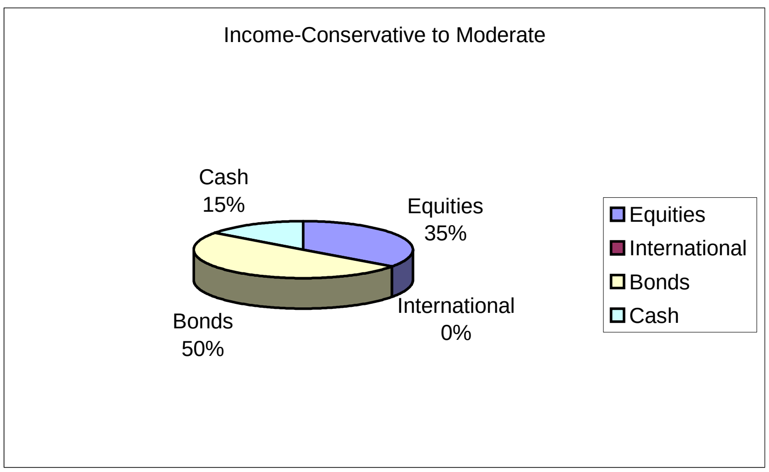
| | Equities | International | Bonds | Cash |
|---|---|---|---|---|
| Capital Preservation - Conservative | 15% | 0% | 60% | 25% |
| Income - Conservative to Moderate | 35% | 0% | 50% | 15% |
| Income/Growth – Moderate | 55% | 5% | 35% | 5% |
| Long Term Growth - Moderate to Aggressive | 70% | 10% | 20% | 0% |
| Aggressive Growth – Capital Appreciation | 70% | 20% | 10% | 0% |

# Recommended Asset Allocation

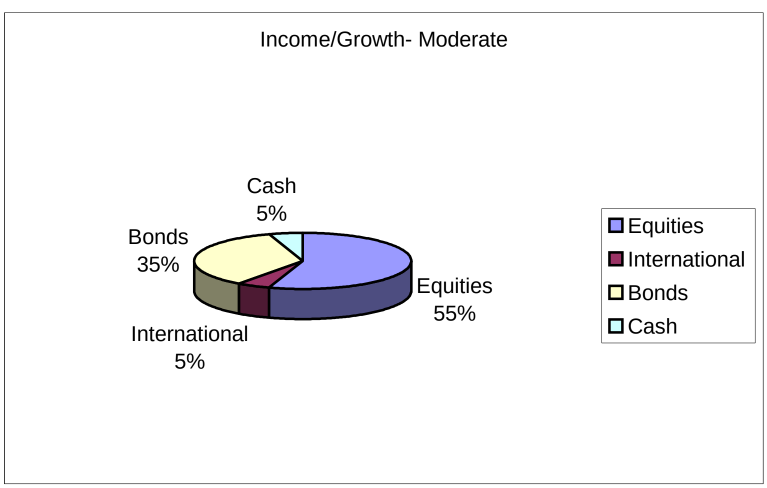
**Capital Preservation-Conservative:** Preservation of capital is the primary concern with an average annual total return typically between 4%-7%.



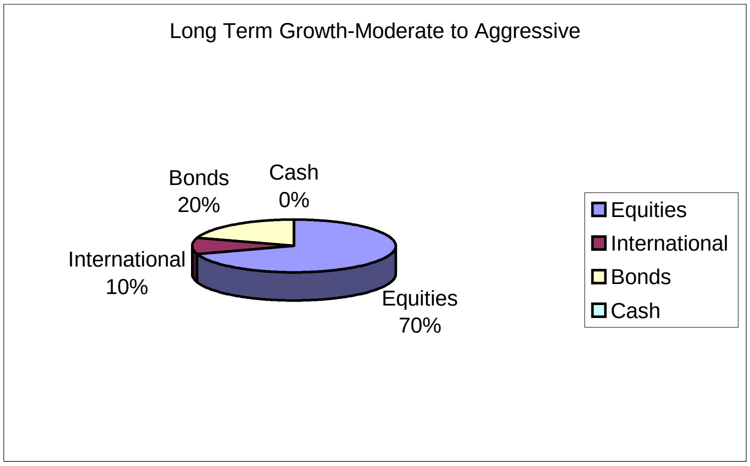

**Income-Conservative to Moderate:** Preserving capital and income are the main objectives. The average annual total returns will typically range from 5%-8%.




**Income/Growth-Moderate:** An investor in this category is willing to accept possible loss of principal in return for the opportunity to produce higher total returns. The average annual total returns will typically range from 6%-9%.



**Long Term Growth-Moderate to Aggressive:** An investor in this category has time on their side is willing to take on more risk of losing principal in return for the opportunity to produce higher total returns. The average annual total returns will typically range from 7%-10%. More active portfolio adjustments are typically needed for these types of returns.




**Aggressive Growth-Capital Appreciation:** An investor in this category is willing to sustain more losses on some individual holdings with a goal that the portfolio as a whole will produce average annual total returns of 10% or more. Active portfolio management and more speculative investment choices are typically required in order to achieve these types of returns. Aggressive investors may experience a wide variance in performance from one year to the next in pursuit of long-term goals.