

# RISK TOLERANCE ASSESSMENT

This questionnaire has been designed to help you understand the type of investor you are, so that with the help of your adviser, you can choose the investments that best match your financial objectives.

## 1. Which of the following best describes your current stage of life? Points

**Single with few financial commitments.** You are keen to accumulate wealth for the future. Some funds must be kept available for enjoyment such as cars, clothes, travel and entertainment. 50

**A couple without children.** You may be preparing for the future by establishing and furnishing a home. There are a lot of things you need to buy. You are probably better off financially now than you may be in the future. 40

**Young family.** This is the peak home purchasing stage. You have a mortgage and a very small amount of savings. Probably dissatisfied with your financial position and the amount of money saved. 30

**Mature family.** You are in your peak earning years and have got the mortgage under control. Many partners also work and any children are growing up and have either left home or require less supervision. You are starting to think about retirement, although it may be many years away. 20

**Preparing for retirement.** You probably own your own home and have few financial commitments; however, you want to ensure that you can afford a comfortable retirement. Interested in travel, recreation and self-education. 20

**Retired.** No longer working you must rely on existing funds and investments to maintain your lifestyle. You may be receiving the pension and are keen to enjoy life and maintain your health. 10

## 2. What return do you reasonably expect to achieve from your investments?

A return without losing any capital. 10

3 – 7% per annum. 20

8 – 12% per annum. 30

13-15% per annum. 40

Over 15% per annum. 50

**3. If you didn't need your capital for more than 10 years, for how long would you be prepared to see your investment performing poorly before you cashed it in?**

You would cash it in if there were any loss in value.	0
Less than 1 year.	10
Up to 3 years.	20
Up to 5 years.	30
Up to 7 years.	40
Up to 10 years.	50

**4. How familiar are you with investment markets?**

Very little understanding or interest.	10
Not very familiar.	20
Have had enough experience to understand the importance of diversification.	30
Understand that markets may fluctuate and that different market sectors offer different income, growth and taxation characteristics.	40
Experienced with all investment sectors and understand the various factors which may influence performance.	50

**5. If you can only get greater tax efficiency from more volatile investments, which balance would you be most comfortable with?**

Preferably guaranteed returns, before tax savings.	10
Stable, reliable returns, minimal tax savings.	20
Some variability in returns, some tax savings.	30
Moderate variability in returns, reasonable tax savings.	40
Unstable, but potentially higher returns, maximising tax savings.	50

**6. Six months after placing your investment you discover that your portfolio has decreased in value by 20%, what would be your reaction?**

- Horror. Security of capital is critical and you did not intend to take risks. **10**
- You would cut your losses and transfer your money into more secure investment sectors. **20**
- You would be concerned, but would wait to see if the investments improve. **30**
- This was a calculated risk and you would leave the investments in place, expecting performance to improve. **40**
- You would invest more funds to lower your average investment price, expecting future growth. **50**

**7. Which of the following best describes your purpose for investing?**

- You want to invest for longer than 5 years, probably to the age of 55 – 60. You are mainly investing for growth to accumulate long-term wealth. **50**
- You are not nearing retirement, have surplus funds to invest and you are aiming to accumulate long term wealth from a balanced fund. **40**
- You have a lump sum, e.g. an inheritance or an eligible termination payment from your employer, and you are uncertain about what secure investment alternatives are available. **30**
- You are nearing retirement and you are investing to ensure that you have sufficient funds available to enjoy retirement. **20**
- You have some specific objectives within the next 5 years for which you want to save enough money. **20**
- You want a regular income and / or totally protect the value of your savings. **10**

**Investor Profile Total Points**

# Investor Risk Profile Summary

**0 –50 Defensive**

You are a conservative investor. Risk must be very low and you are prepared to accept lower returns to protect capital. The negative effects of tax and inflation will not concern you, provided that your initial investment is protected.

**51 – 130 Moderate**

You are a cautious investor seeking better than basic returns, but risk must be low. Typically, an older investor seeking to protect the wealth that you have accumulated, you may be prepared to consider less aggressive growth investments.

**131 – 210 Balanced**

You are a prudent investor who wants a balanced portfolio to work towards medium to long-term financial goals. You require an investment strategy that will cope with the effects of tax and inflation. Calculated risks will be acceptable to you to achieve good returns.

**211 – 300 Growth**

You are an assertive investor, probably earning sufficient income to invest most funds for capital growth. Prepared to accept higher volatility and moderate risks, your primary concern is to accumulate assets over the medium to long term. You require a balanced portfolio, but more aggressive investments may be included.

**301 – 350 High Growth**

You are an aggressive investor prepared to compromise portfolio balance to pursue potentially greater long-term returns. Your investment choices are diverse, but carry with them a higher level of risk. Security of capital is secondary to the potential for wealth accumulation.

## Client Acknowledgement

I confirm that the details recorded are correct and reflect my Investor Risk Profile.

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Signature

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Signature

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Name

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Signed by Advisor:

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Date:

**Disclaimer:** Your investor risk profile and asset allocation recommendations are based on information provided by you and on our knowledge of existing legislation and asset sectors. This Investor Risk Profile should be used as a guide only as there may be other individual circumstances to be taken into account.