

Investor Risk Profile Questionnaire

The following questions are designed to determine your risk profile taking into account your financial needs, circumstances and objectives. This is an important process in assisting to identify an appropriate investment strategy and make recommendations that suit your specific requirements.

Have you updated this questionnaire? Yes No

Please circle your preferences

Question 1 (Your *liquidity* requirements, i.e. having access to your invested funds)

*Apart from short term and anticipated liquidity needs, how long do you envisage before requiring access to **most** of your funds?*

- 1 Less than 1 year
- 2 1 to less than 3 years
- 3 3 to less than 5 years
- 4 5 years plus

Question 2 (Your investment *Experience*)

How familiar are you with investment markets?

- 1 No experience at all
- 2 Not familiar but am willing to consider investment alternatives
- 3 I understand that the markets fluctuate and different market sectors have different income, growth and taxation
- 4 Characteristics. I recognise the importance of diversification
- 5 Experienced with all investment sectors and understand the various factors which may influence performance

Question 3 (Your attitude to *Short Term Investment Risk*)

Which of the following best describes your attitude to the volatility of returns?

- 1 I prefer lower capital growth in order to avoid volatile returns.
- 2 I aim to achieve steady capital growth and will accept some volatility of returns
- 3 I am prepared to take on higher volatility for the opportunity of greater returns
- 4 I am interested in aggressive growth strategies including borrowing for investment purposes, and understand the possibility of negative returns

Question 4 (Your investment *objectives*)

What do you want your investments to achieve?

- 1 Security of capital with minimal opportunity for capital growth
- 2 Generate an income stream with less emphasis on growth
- 3 Achieve steady capital growth with less emphasis on income
- 4 High capital growth and minimal income

Question 5 (Your concerns about *inflation*)

How concerned are you that the value of your capital and the purchasing power of your investment income should keep pace with or exceed the rate of inflation?

- 1 Not concerned
- 2 Slightly concerned
- 3 Moderately concerned
- 4 Highly concerned
- 5 Extremely concerned

Question 6 (Your concerns about *taxation*)

Are you prepared to invest in tax-advantaged investments that may fluctuate in value, in order to minimise income tax?

- 1 No - I do not want to purchase any investments that may lead to capital fluctuations
- 2 Maybe - I would prefer stable, reliable capital value and returns with some tax savings, if possible
- 3 Yes - I can accept some fluctuation in capital value from time to time in exchange for some tax advantages
- 4 Definitely - my main objective is to minimise income tax and I am prepared to accept capital fluctuation to achieve this

Question 7 (Your *investment preferences*)

Which of the following best describes your attitude to choosing an investment? (double these scores when calculating)

- 1 I prefer investments that do not have any capital fluctuation associated with them
- 2 I prefer to diversify with a mix of investments which have an emphasis on low capital fluctuation. I can accept having a small portion of the portfolio invested in assets that have a higher degree of short term fluctuations in order to potentially achieve a slightly higher return over the longer term. I understand that these types of investments can produce a negative return in at least 1 year in every 9 years.
- 3 I prefer to have a spread of investments in a balanced portfolio. I understand that this type of portfolio can produce a negative investment return in at least 1 year in every 7 years.
- 4 I prefer to diversify my investments with an emphasis on more investments, which have potentially higher returns, but still having a small amount of stable investments. I understand that these types of investments can produce a negative return in at least 1 year in every 5 years.
- 5 I prefer to select investments that have a higher degree of capital fluctuation so that I can earn higher returns over the long-term. I understand that this higher volatility means that a negative return can occur in at least 1 year in every 3 years.

These questions are optional and will not impact on the outcome of the Risk Profile Questionnaire, however, they may be used to confirm your client's understanding of their Risk Profile.

Question 8 (Your *desired rate of return* - generally the expectations of high returns requires a higher acceptance of investment risk and volatility)

What average long term rate of return do you reasonably expect to achieve from your investments?

- 1 Less than 5%
- 2 5 - 7%
- 3 7 - 10%
- 4 Above 10% (please state expected range eg, 10 - 12%) _____%

Question 9 (Your concern about *Volatility* , ie the risk of a negative return in the short term)

What would be your maximum tolerance to a short term reduction in your investment value?

- 1 0%
- 2 1 to 15%
- 3 16% to 20%
- 4 20% an over.

Question 10 (Your *investment risk time frame* - in two parts)

For how long would you be prepared to see your investments underperform before you cashed them in or wanted to switch?

Part a) if the under performance was consistent with the market or specific sectors;

or

Part b) if the underperformance was out of step with the market or specific sectors

NB: There are often different tolerance time-frames for each scenario.

Part a)

1. I would cash in or switch if there was any loss in value
2. Less than 1 year
3. Up to two years
4. More than two years

Part b)

1. I would cash in or switch if there was any loss in value
2. Less than 1 year
3. Up to two years
4. More than two years

I/we understand the risk profile questions and the answers we have provided above will be used for making investment recommendations.

(signature)

(signature)

Score result

Client Risk Profiles

Defensive (8 to 11)

Your investment style would suggest that you do not wish to take any investment risk. Your main priority is the safeguarding of your investment capital, and you are prepared to sacrifice higher returns for peace of mind. Generally, the most appropriate strategy for someone with a Defensive approach to investing is to invest 90% in income and 10% in growth assets. With your investment style it is important that you understand the likelihood of and are prepared to accept negative returns approximately 1 year in 13. A defensive approach is also appropriate when the term of the investment is less than 1 year.

Conservative (12 to 17)

Your investment style would suggest that you are prepared to accept a small amount of risk, however, your priority remains the preservation of your capital over the medium to long term. Generally, the most appropriate strategy for someone with a Conservative approach to investing is to invest 70% in income and 30% in growth assets. With your investment style it is important that you understand the likelihood of and are prepared to accept negative returns approximately 1 year in 9. A conservative approach is also appropriate when the term of the investment is greater than 1 year and less than 3 years.

Moderate (18 to 25)

Your investment style would suggest that you have some understanding of the investment markets and their behaviour, and are prepared to take short term risk in order to gain longer term capital growth. Generally, the most appropriate strategy for someone with a Moderate approach to investing is to invest 70% in income and 30% in growth assets. With your investment style it is important that you understand the likelihood of and are prepared to accept negative returns approximately 1 year in 7. A moderate approach is also used when the term of the investment is greater than 3 years but less than 6 years.

Growth (26 to 31)

Your investment style would suggest that you are seeking a greater growth component in your investment portfolio, and although you remain cautious towards taking extreme levels of risk, your general understanding of the investment market enables you to feel comfortable with short term risk. Your priority is consistent capital growth with some income to smooth volatility in your returns. Generally, the most appropriate strategy for someone with a Growth approach to investing is to invest 10% in income and 90% in growth assets. With your investment style it is important that you understand the likelihood of and are prepared to accept negative returns approximately 1 year in 5. A growth approach is also used when the term of the investment is greater than 5 years.

Aggressive - Australian Shares - International Shares (32 - 35)

Your investment style would suggest that you are most interested in maximising the value of your investments through long term capital growth, although you do not wish to make unbalanced investment decisions. You are prepared to sacrifice short term safety in order to maximise long term capital growth. Generally, the most appropriate strategy for someone with an Aggressive approach to investing is to invest 100% in growth assets. With your investment style it is important that you understand the likelihood of and are prepared to accept negative returns approximately 1 year in 3. An aggressive approach is also used when the term of the investment is between 5 - 7 years. If you do not feel this description is an accurate reflection of your approach to investing, please advise.

Recommended Asset Allocations

The asset allocation for each risk profile is as follows:

Asset Class	Shares Profiles						
	Defensive	Conservative	Moderate	Growth	Aggressive	Australian	International
Cash	65%	25%	5%	5%	0%	0%	0%
Fixed Interest Bonds	20%	30%	20%	5%	0%	0%	0%
Fixed Interest - Other	15%	15%	15%	0%	0%	0%	0%
Australian Shares	0%	15%	30%	45%	50%	100%	0%
International Shares	0%	10%	20%	35%	50%	0%	100%
Property	0%	5%	10%	10%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%

Note: A 10% variation on each sector is acceptable when structuring your portfolio

