

RISK TOLERANCE QUESTIONNAIRE

Determining an Investment Strategy



INTRODUCTION

What to Expect

This questionnaire is designed to help determine an appropriate investment strategy for you. The information you provide will be used only for that purpose.

First, it asks for information about the amount of time you expect to have before you start making significant withdrawals from your portfolio (“time horizon”). Next, it asks for information about how you perceive your ability or inclination to tolerate ups and downs in the value of your portfolio over time (“risk”).

This information will be used to assist your financial advisor in developing an investment strategy and build a portfolio to help you meet your financial goals.

What is an Investment Strategy?

The investment strategies are represented by a number that corresponds to the percentage of equities (stocks) in the portfolio. For example, an investment strategy of “60” refers to a portfolio comprised of 60% equities and 40% more conservative investments like bonds.

The greater the percentage of equities in a portfolio, the higher its long-term expected return. However, along with higher expected returns come higher expected risk—ups and downs. Finding the right balance between the desire for higher returns and the ability to tolerate a higher level of risk is important for longterm investment success.

Selecting a Strategy

Many people have multiple financial goals. Each goal may have differing time horizons. You may even feel that you are willing to take more risk to fund certain goals than others. The facts and circumstances of your situation should be considered to identify an investment strategy that balances these competing factors.

What to Expect When You’re Done

Once you have completed this questionnaire and selected an appropriate investment strategy, the next step is to choose a portfolio that can implement that strategy.

Tips:

In answering the following questions, try not to answer based on what you think you *should* say. Instead, answer based on how you truly feel about the answer to each question. Don’t over-think it. Respond spontaneously.

QUESTIONNAIRE

*Please read the questions carefully.**Select the most appropriate answer.*

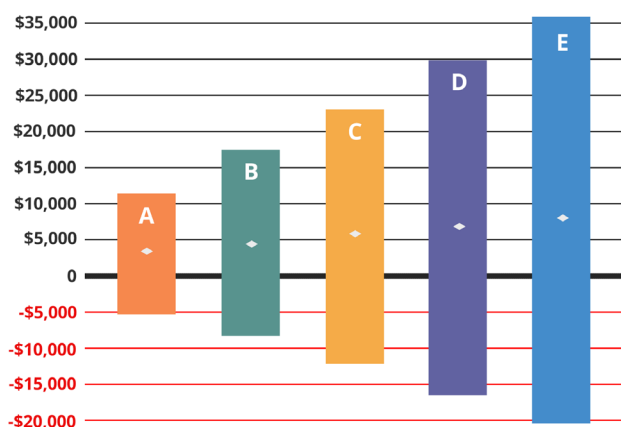
1. What is your age?

- ☐ A. Younger than 45
- ☐ B. 46-53
- ☐ C. 54-62
- ☐ D. 63-69
- ☐ E. Older than 70

2. Do you currently have plans to withdraw 25% or more of the money in this account within the next 5 years for purposes of spending or consumption? (Money you plan to transfer or rollover into another account should not be considered as a withdrawal for purposes of this question.)

- ☐ A. Yes
- ☐ B. No

3. The chart below shows a 1-year potential loss and gain of 5 different hypothetical investments of \$100,000. Given the potential gain or loss in one year, which investment portfolio would you choose?



This chart is for demonstration purposes only and does not reflect actual performance.

- ☐ A. Investment Portfolio A
- ☐ B. Investment Portfolio B
- ☐ C. Investment Portfolio C
- ☐ D. Investment Portfolio D
- ☐ E. Investment Portfolio E

4. Which of these statements would best describe your attitude concerning the performance of your investment over the next 3 YEARS?

- ☐ A. I can tolerate significant declines.
- ☐ B. I can tolerate moderate declines.
- ☐ C. I can tolerate limited declines.
- ☐ D. I can tolerate minimal declines.
- ☐ E. I cannot tolerate any decline.

5. When I invest my money, I am:	☐ A. Most concerned with NOT losing money. ☐ B. Equally concerned with not losing and making money. ☐ C. Most concerned with making money.
6. If the value of your investment portfolio dropped by 20% in one year, what would you do?	☐ A. Move ALL my money to more conservative investments immediately to reduce the losses. ☐ B. Move SOME of my money immediately, and be prepared to move the rest of my money if things continue to deteriorate. ☐ C. Take NO action now, but closely monitor the situation. Consider moving some of my money to more conservative investments if things continue to deteriorate. ☐ D. Take NO action and ride it out. ☐ E. Consider buying more because prices are so low.
7. What is your goal for this investment?	☐ A. To avoid losing money. ☐ B. To grow a little money. ☐ C. To grow money moderately. ☐ D. To grow money somewhat aggressively. ☐ E. To grow as much money as possible.
8. Generally, I prefer investments that are relatively stable, with few ups and downs, and therefore, I am willing to accept the lower returns that may come with these investments.	☐ A. I strongly disagree. ☐ B. I disagree. ☐ C. I neither agree nor disagree. ☐ D. I agree. ☐ E. I strongly agree.

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In the right column, fill in the number that corresponds to your answer for each question. Add the scores together in the space provided for each total. Then add the two total scores together to receive your *Combined Score* below.

Time Horizon

Answers	A	B	C	D	E	Score
Question 1	14	11	8	5	2	
Question 2	2	12	-	-	-	
TOTAL TIME HORIZON SCORE						

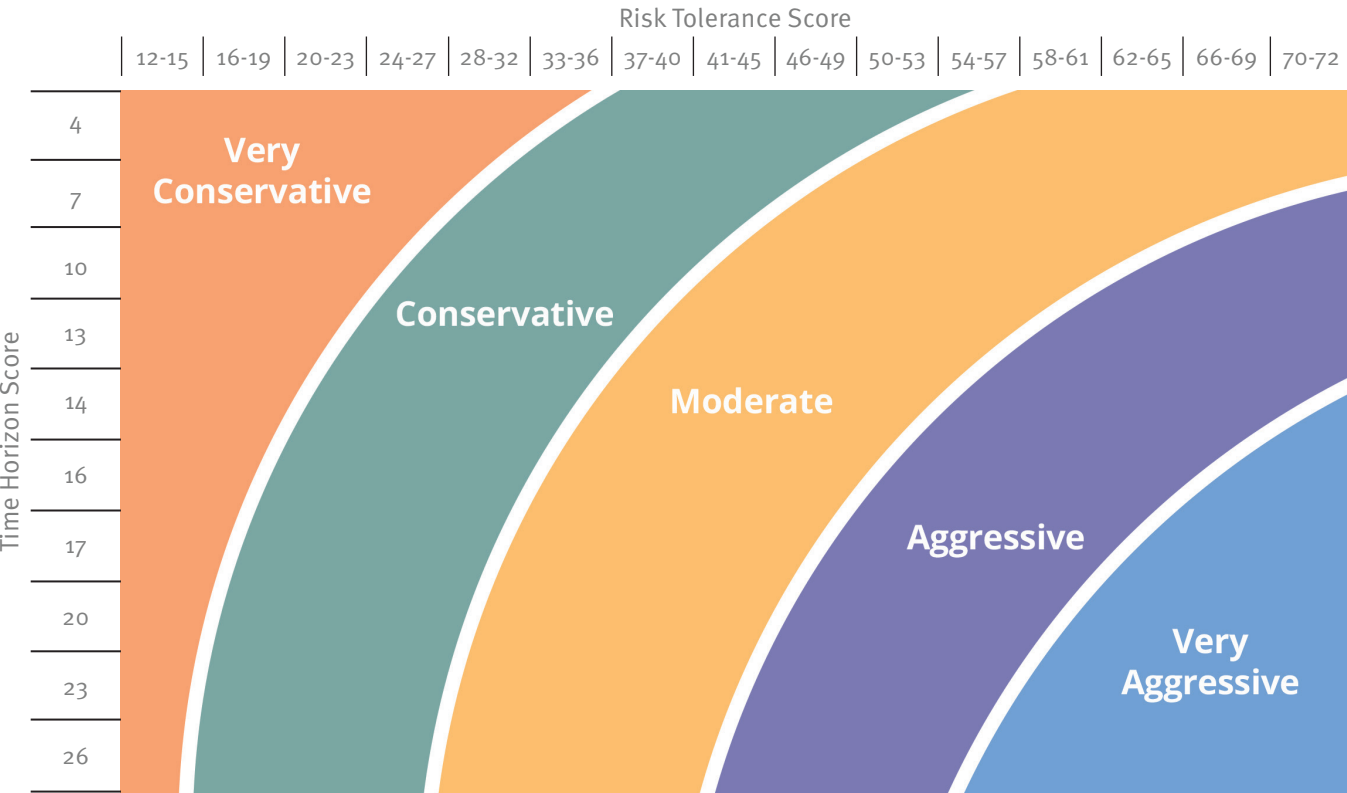
Risk Tolerance

Answers	A	B	C	D	E	Score
Question 3	2	5	8	10	12	
Question 4	12	9	7	5	2	
Question 5	2	8	12	-	-	
Question 6	2	4	7	9	12	
Question 7	2	4	7	9	12	
Question 8	12	9	7	4	2	
TOTAL RISK TOLERANCE SCORE						

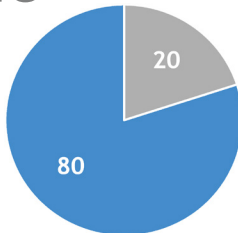
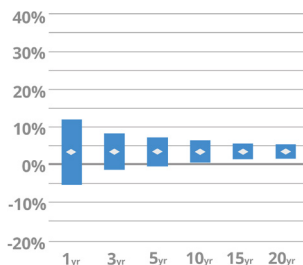
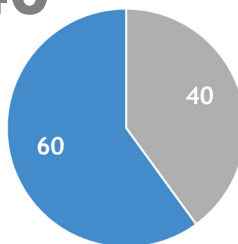
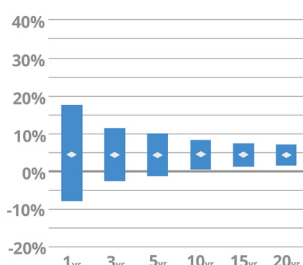
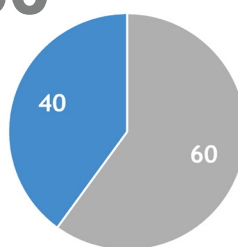
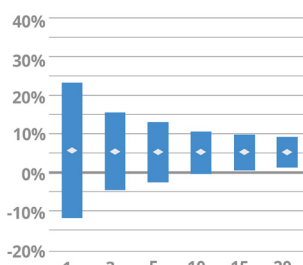
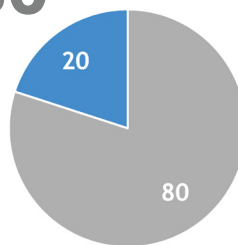
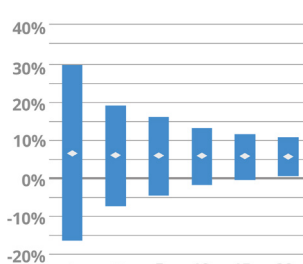
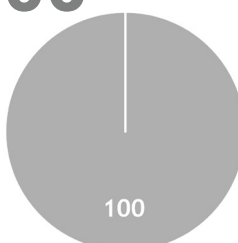
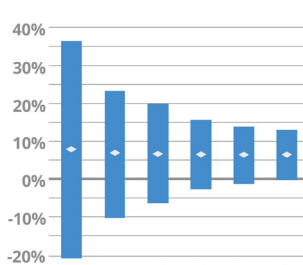
COMBINED SCORE	
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INVESTOR PROFILE

Using the scores calculated above, plot a point in the graph below to find your investor profile. Your *Time Horizon Score* is plotted down the left side and your *Risk Tolerance Score* is plotted across the top.



Using your combined score and investor profile, compare the following strategies to see what may be right for you.

Investment Strategy	Portfolio Characteristics	Expected Range of Return*	Typical Investor Profile						
20 	<table><tr><td>Volatility</td><td>Lowest</td></tr><tr><td>Equity</td><td>15-25%</td></tr><tr><td>Fixed Income</td><td>75-85%</td></tr></table>	Volatility	Lowest	Equity	15-25%	Fixed Income	75-85%		A very conservative investor who wants to minimize portfolio risk. Combined Score 16-30
Volatility	Lowest								
Equity	15-25%								
Fixed Income	75-85%								
40 	<table><tr><td>Volatility</td><td>Low</td></tr><tr><td>Equity</td><td>35-45%</td></tr><tr><td>Fixed Income</td><td>55-65%</td></tr></table>	Volatility	Low	Equity	35-45%	Fixed Income	55-65%		A conservative investor who wants to limit portfolio risk. Combined Score 31-50
Volatility	Low								
Equity	35-45%								
Fixed Income	55-65%								
60 	<table><tr><td>Volatility</td><td>Moderate</td></tr><tr><td>Equity</td><td>55-65%</td></tr><tr><td>Fixed Income</td><td>35-45%</td></tr></table>	Volatility	Moderate	Equity	55-65%	Fixed Income	35-45%		A balanced investor who can accept moderate risk. Combined Score 51-70
Volatility	Moderate								
Equity	55-65%								
Fixed Income	35-45%								
80 	<table><tr><td>Volatility</td><td>High</td></tr><tr><td>Equity</td><td>75-85%</td></tr><tr><td>Fixed Income</td><td>15-25%</td></tr></table>	Volatility	High	Equity	75-85%	Fixed Income	15-25%		An aggressive investor with a higher tolerance for risk. Combined Score 71-90
Volatility	High								
Equity	75-85%								
Fixed Income	15-25%								
100 	<table><tr><td>Volatility</td><td>Highest</td></tr><tr><td>Equity</td><td>95-100%</td></tr><tr><td>Fixed Income</td><td>0-5%</td></tr></table>	Volatility	Highest	Equity	95-100%	Fixed Income	0-5%		A very aggressive investor with a high tolerance for risk. Combined Score 91-100
Volatility	Highest								
Equity	95-100%								
Fixed Income	0-5%								

*see "Notes" at the end of this questionnaire.

ACKNOWLEDGMENT

Investment Strategy Selection

- ☐ I elect to base the selection of my investment strategy on the result of this questionnaire.
- ☐ Although the results of this questionnaire suggest a different strategy, I have chosen the strategy indicated below.

Notes:

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☐

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☐

60

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80

☐

100

☐

Client Signature

Date

Client Signature

Date

Advisor Signature

Date

NOTES

The Expected Range of Return estimates shown on page 6 are based on an analysis of the asset allocation targets for each strategy. That analysis relies on both historical index data and forward-looking assumptions regarding the future expected returns, volatility ranges, and correlations of the asset classes in each strategy. This data and these assumptions were provided by third parties and is believed to be accurate, but its accuracy is not guaranteed.

Assuming those expectations are accurate, we would expect the annual returns of the strategies shown to fall within the Expected Range of Return approximately 90% of the time. There have been times in the past when the returns of these strategies would have fallen outside of those ranges and it is likely that this will occur again in the future.

The Expected Range of Return for each strategy is hypothetical in nature, does not rely on actual investment results, and is not a guarantee of future results. Actual performance will vary and the returns of actual portfolios implementing these strategies will be reduced by the amount of any advisory and investment management fees and other account-related expenses.