

# Investor Profile Questionnaire

## Identifying Your Investor Profile Determining Risk Tolerance

Name \_\_\_\_\_

Account number \_\_\_\_\_

Date \_\_\_\_\_

One of the first steps in developing an investment plan is to identify your profile as an investor. It can depend on the goals you are investing toward, as well as your personality in making investment decisions. Investors with multiple goals often are willing to take more risk with some goals than with others.

Through extensive research, I have identified five portfolio-allocation strategies that generally coincide with the ways in which investors characterize themselves, their objectives and their feelings about risk. Each investor profile – Capital Preservation, Income, Income and Growth, Growth and Aggressive Growth – has its own asset allocation model and associated risk level and return potential.

Review the descriptions on the following pages and the asset allocation models on the back to identify the Investor Profile that best fits you as an investor. Or you can complete our self-evaluation to help uncover your personal investment preferences. This evaluation will measure your reaction to market volatility and weigh the relative importance of your goals. Keep in mind that your recent experience should not influence your selection. For example, recent success may bias you toward taking on more risk, while recent setbacks may incline you toward a more conservative approach.

Since each of your financial goals may be weighted differently, you may want to consider your total portfolio as a collection of several goal-specific portfolios when answering the questions. You may also find that responding to the questions for each of your goals can help you allocate your investment more precisely.

# Investor Profile Self-Evaluation

Please read and answer the following questions. Then, use the scoring tables to identify your feelings about investing.

## 1. When investing money, my primary goal is to:

- a. Preserve the value of my investments. I want to minimize the risk of my investments losing value.
- b. Emphasize current income/safety. My investments should be relatively safe.
- c. Generate current income/reinvested income. However, I would also like the value of my investments to grow somewhat over time. I am willing to expose my investments to a moderate level of risk.
- d. Have the value of my investments grow over time. However, I would also like to generate some current income/reinvested income. I am willing to expose my investments to a fair level of risk.
- e. Have the value of my investments grow substantially over time. I do not need to generate current income. I am willing to expose my investments to a considerable level of risk.

## 2. The degree to which the value of an investment moves up and down is called volatility (risk). More volatile investments generally offer greater growth potential in the long term than less volatile investments, but they can produce greater losses. With how much volatility are you comfortable?

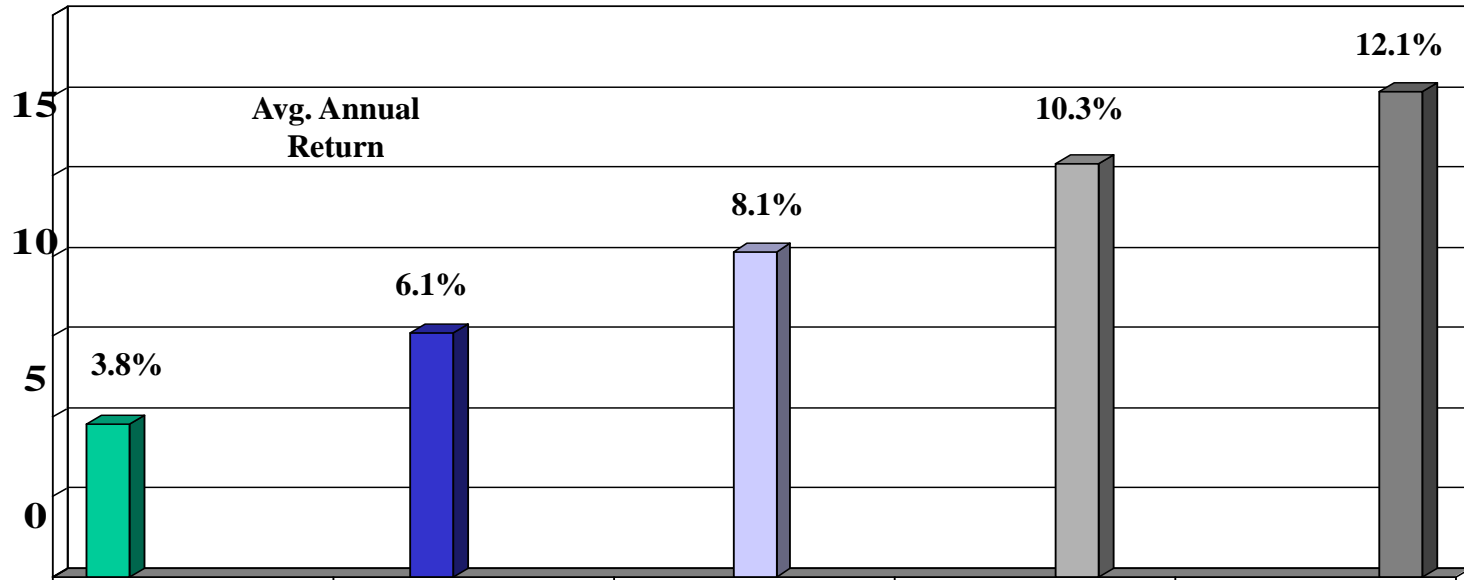
- a. As little as possible. I want to focus on current income and stability of value even if it means that my total returns are relatively small.
- b. Some. I am willing to accept the occasional losses in value as long as my investments have some potential for growth over time.
- c. Moderate. I am willing to take moderate risk as long as my investments have a greater potential for growth over time.
- d. A considerable amount. I am willing to take substantial risk in pursuit of significantly higher total returns.

# Investor Profile Self-Evaluation

3. **Investments in which the principal is very safe sometimes earn less than the inflation rate. This may result in the loss of purchasing power. With respect to your investment objectives, which of the following is most true?**
- a. My investments should be safe, even if it means my returns do not keep up with inflation.
  - b. I am willing to risk an occasional loss of investment value so that my investments may grow at about the same rate as inflation over time.
  - c. It is important that my investments grow somewhat faster than inflation. I am willing to accept some risk while trying to achieve this goal.
  - d. My Investments should grow much faster than inflation. I am willing to accept considerable risk to try and achieve this goal.
4. **I understand the value of my investments will fluctuate over time depending on the amount of risk I am willing to take. However, the approximate loss in any one-year period that I would be prepared to accept is:**
- a. Minimal loss
  - b. (5%) to (10%)
  - c. (10%) to (15%)
  - d. (15%) to (20%)
  - e. (20%) or more
5. **Consider two different investments: Investment “A”, which provides an average annual return of 5% with minimal risk of loss of value, and investment “B”, which provides an average annual return of 10% and a potential loss of 25% or more in any one given year. How would you divide your investment dollars?**
- a. 100% in Investment A and 0% in Investment B.
  - b. 80% in Investment A and 20% in Investment B.
  - c. 50% in Investment A and 50% in Investment B.
  - d. 20% in investments A and 80% in Investment B.
  - e. 0% in Investment A and 100% in investment B.

# Investor Profile Self-Evaluation

6. If you could choose only one of the five portfolios characterized below, which would you select.



Highest Ann. Return	14.7%	28.4%	34.1%	44.5%	127.6%
Lowest Ann. Return	0%	(6.6%)	(20.8%)	(35.6%)	(53.6%)

7. When is the earliest you anticipate needing all or a substantial portion of your investable assets?

- Short – 0 to 2 years.
- Medium – More than 2 but less than 5 years.
- Long - 5 years or more.



Response to Question 7

Response to Question 3	a -Short	b- Medium	c- Long
a	Cap. Pres	Cap. Pres	Cap Pres
b, c or d	Cap. Pres	Cap. Pres	Income

If your total points are **6 – 15** and:

If your total points are **16- 25** and:

Response to Question 7

Response to Question 1	a – Short	b – Medium	c – Long
a	Cap. Pres	Cap Pres	Income
b, c or d	Income	Income	Income
e	Income	Income	Income Growth

Response to Question 7

Response to Question 1	a – Short	b – Medium	c – Long
a	Income	Income	Income/ Growth
b, c or d	Income	Income/ Growth	Income/ Growth
e	Income/ Growth	Income/ Growth	Growth

If your total points are **26- 34** and:

If your total points are **35- 44** and:

Response to Question 7

Response to Question 8	a – Short	b – Medium	c – Long
a – Yes	Income/ Growth	Income/ Growth	Growth
b - No		Goto Next Chart	

Response to Question 7

If your total points are **45- 54** and:

Response to Question 9	a – Short	b – Medium	c – Long
a – Yes	Income/ Growth	Growth	Agg. Growth
b - No	Income/ Growth	Income/ Growth	Growth

# Investor Profile Descriptions

An individual's profile as an investor can depend on several criteria, including:

## The Goal and its Time Frame:

Investors who have multiple goals often are willing to take more risk with some goals than with others. Generally, a critical goal or an objective that has a time frame of less than three years may dictate a conservative investing approach. Less critical goals or objectives with the time horizons of more than three years may allow for a more aggressive investing approach, because there is generally more time to recover from market downturns.

## Personality:

Some people's personalities are simply geared toward lesser or greater risk taking.

## Income and Asset Base:

The larger your income and asset base, the more risk you may be willing to take, at least for some subset of your investments. This is because you have the greater ability to recover from investments that may not perform as expected. Conversely, some investors with a large asset base may feel more comfortable with a conservative approach, knowing they don't need to take on additional risk in order to meet their goals.

## Capital Preservation – Objective is to maintain capital.

Adjusted for inflation, investment returns may be very low or in some years, negative, in exchange for high liquidity and reduced risk of principal loss. The historical average annual return for this allocation typically ranges from 4% to 6%.

Income – Objective is to maintain a continuing income stream from dependable debt and equity sources. In order to satisfy current yield requirements, an investor using this model should be willing to absorb some risk of principal loss. The historical average for this allocation typically ranges from 5% to 7%.

Income / Growth – Objective is to strike a balance between bonds for current income/ safety and stocks for growth. Despite the relatively balanced nature of the portfolio, an investor using this model should be willing to assume risk of principal loss. The historical average annual total return for this allocation typically ranges from 6% to 8%.



Growth – Objective is to accumulate wealth, over time, rather than current income. An investor using this model should be willing to accept the risk of price volatility in seeking to achieve growth. The historical average annual total return for this allocation typically ranges from 7% to 9%.

Aggressive Growth – Objective is to achieve above-average growth over time; income is of little, if any, concern. An investor using this model should be willing to take more substantial risk in seeking to achieve above-average returns. The historical average annual total return for this allocation ranges from 9% or higher



# Investor Profile Models

The grid below illustrates the trade-offs that must be considered when designing an investment plan. Together, you and I will find a balance between risk and return potential to create an investment plan.

Model Name	Risk Potential Less < > More	Return Potential Less < > More	Asset Allocation
<b>Capital Preservation</b>			<b>Stocks 15%</b> <b>Bonds 55%</b> <b>Cash 25%</b> <b>Alt. Inv. 5%</b>
<b>Income</b>			<b>Stocks 30%</b> <b>Bonds 45%</b> <b>Cash 20%</b> <b>Alt Inv. 5%</b>
<b>Income / Growth</b>			<b>Stocks 45%</b> <b>Bonds 40%</b> <b>Cash 10%</b> <b>Alt. Inv. 5%</b>
<b>Growth</b>			<b>Stocks 60%</b> <b>Bonds 25%</b> <b>Cash 10%</b> <b>Alt. Inv. 5%</b>
<b>Aggressive Growth</b>			<b>Stocks 75%</b> <b>Bonds 10%</b> <b>Cash 10%</b> <b>Alt. Inv. 5%</b>