Risk Tolerance Questionnaire

Name

Date

Risk Tolerance Questionnaire

R1 **Describe the Investor's knowledge of investments.**

☐ None ☐ Limited ☐ Good ☐ Extensive

R2 **What is the Investor's investment temperament?**

☐ Investor is more interested in conserving capital than in seeking growth. Investor prefers to accept moderate income and little or no growth in exchange for stability and minimum risk.

☐ Investor understands that in order to achieve higher returns, it is necessary to take some risk. Investor is willing to accept moderate volatility in the value of their portfolio in exchange for greater income and/or growth potential.

☐ Investor understands that in order to achieve higher returns, it is necessary to take some risk. Investor is willing to be more aggressive and face greater risk in order to pursue the possibility of above-average rates of return.

R3 **An investment decision involves both returns and risk - the higher the potential for returns, the greater the risk of high volatility of results, including loss. What influences the Investor the most when making an important investment decision?**

☐ Investor is mainly influenced by the potential gain.

☐ Investor is more influenced by the potential gain than by the potential loss.

☐ Investor is more influenced by the potential loss than by the potential gain.

☐ Investor is mainly influenced by the potential loss.

R4 **Which of the following would best describe the Investor's reaction to short-term fluctuations in this investment portfolio?**

☐ Investor would be extremely uneasy about any fluctuations in the value of the investment portfolio.

☐ Investor would be very concerned about short-term fluctuations in the value of the investment portfolio, but not to the extreme.

☐ Investor would have some concern about short-term fluctuations in the value of the investment portfolio.

☐ Investor would have very little concern about short-term fluctuations in the value of the investment portfolio.

R5 Please choose the statement that best reflects the Investor:

- ☐ Investor would rather be out of the stock market when it goes down than in the market when it goes up (i.e. Investor cannot live with the volatility of the stock market).

- ☐ Investor would rather be in the stock market when it goes down than out of the market when it goes up (i.e. Investor may not like the idea, but they can live with the volatility of the stock market in order to earn market returns).

R6 If the Investor could increase their chances of achieving all of their goals by taking more risk, would they…

- ☐ Be unlikely to take much more risk?
- ☐ Be willing to take a little more risk with some of their money?
- ☐ Be willing to take a little more risk with all their money?
- ☐ Be willing to take a lot more risk with all their money?

R7 How long would the Investor be prepared to recover from a downward fluctuation in the portfolio?

Except for the Great Depression, the longest time investors have had to wait after a market crash or a really bad market decline for their portfolio to return to its earlier value has been: 4 years for stock and 2 years for bond investments. Knowing this, and knowing that it is impossible to protect an Investor from an occasional loss, if the Investor chooses to invest at least some of their portfolio in stocks, please check one of the following to indicate how long the Investor would be prepared to wait out a downward fluctuation in their portfolio:

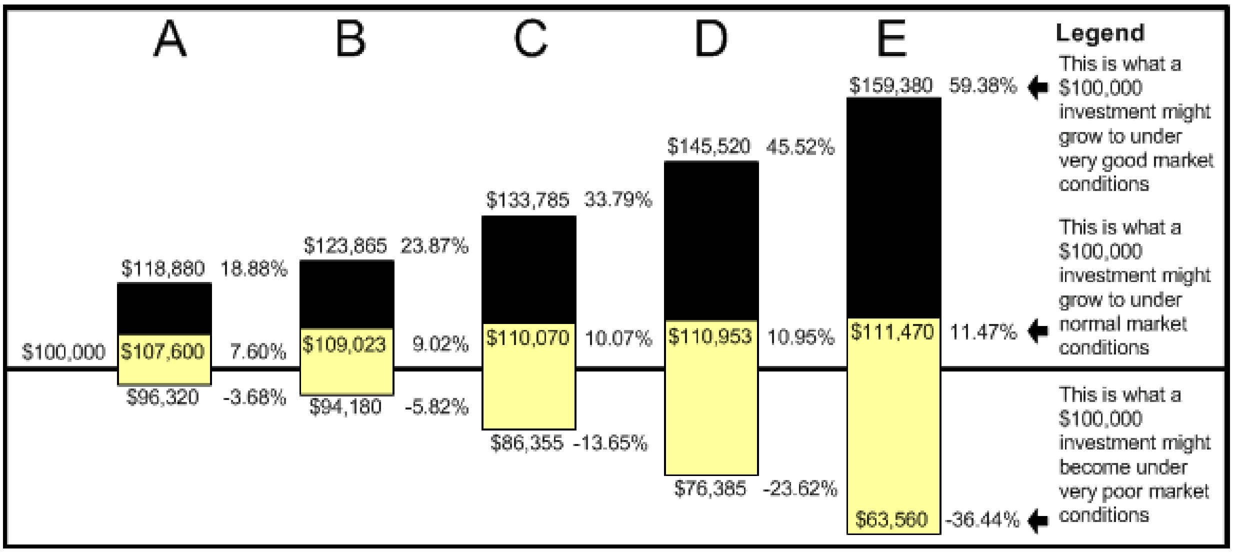
- ☐ Less than one year.*
- ☐ Between one and two years.*
- ☐ Between two and three years.*
- ☐ Over three years.

* If the Investor selected a period of three years or less, is the Investor prepared to substantially reduce the Investor's goals as a result of not being willing to accept risk?

- ☐ Yes
- ☐ No

R8 Which investment would the Investor be most comfortable owning?

The chart below shows the historical range of values for five different investments of $100,000 after one year. Which investment would the Investor be most comfortable owning?



Note: Range of returns in this chart assumes 99% probability of likelihood. On rare occasions the "worst" could be substantially worse (or better) than shown. Data illustrated is from 1/1/72 to 12/31/08. All portfolios are broadly diversified, and include cash, short- and intermediate-term bonds, large and small U.S. and non-U.S. stocks, emerging market stocks, REITs and commodities. The portion dedicated to bonds and cash per portfolio are: A=100%, B=75%, C=50%, D=25%, E=0%. While portfolios structured differently may have results which are greater or less than the results shown here, the principle of greater risk accompanies the pursuit of higher returns will always apply.

☐ Investment A ☐ Investment B ☐ Investment C ☐ Investment D ☐ Investment E

R9 Which statement best reflects the Investor's attitude about investing in the equity markets?

The Investor:

☐ is unwilling to experience any reduction in the value of their investments.

☐ can tolerate infrequent, very limited declines (less than 10%) through difficult phases in a stock market cycle.

☐ can tolerate limited declines (10-20%) through difficult phases in a stock market cycle.

☐ can tolerate periods of moderately negative returns (declines of 20-35%) to achieve potentially higher investment returns and recognizes and accepts that negative returns could persist for a year and possibly longer.

☐ can tolerate periods of significant negative returns (greater than 35%) for the chance to maximize their long-term returns and recognizes and accepts that negative returns could persist for a year and possibly longer.

Client Signature: ____

Co-Client Signature: ____

Date: ____