Risk Tolerance Questionnaire

Name

Date

Risk Tolerance Questionnaire

R1 **Describe your knowledge of investments.**

☐ None ☐ Limited ☐ Good ☐ Extensive

R2 **What is your investment temperament?**

☐ I am more interested in conserving capital than in seeking growth. I prefer to accept moderate income and little or no growth in exchange for stability and minimum risk.

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

☐ I understand that in order to achieve higher returns, it is necessary to take some risk. I am 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 you the most when making an important investment decision?**

☐ I am mainly influenced by the potential gain.

☐ I am more influenced by the potential gain than by the potential loss.

☐ I am more influenced by the potential loss than by the potential gain.

☐ I am mainly influenced by the potential loss.

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

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

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

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

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

R5 Please choose the statement that best reflects your preference:

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

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

R6 If you could increase your chances of achieving all of your goals by taking more risk, you would…

☐ Be unlikely to take much more risk?

☐ Be willing to take a little more risk with some of my money?

☐ Be willing to take a little more risk with all of my money?

☐ Be willing to take a lot more risk with all of my money?

R7 How long would you 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 you from an occasional loss, if you choose to invest at least some of your portfolio in stocks, please check one of the following to indicate how long you would be prepared to wait out a downward fluctuation in your portfolio:

☐ Less than one year.*

☐ Between one and two years.*

☐ Between two and three years.*

☐ Over three years.

* If you selected a period of three years or less, are you prepared to substantially reduce your goals as a result of not being willing to accept risk?

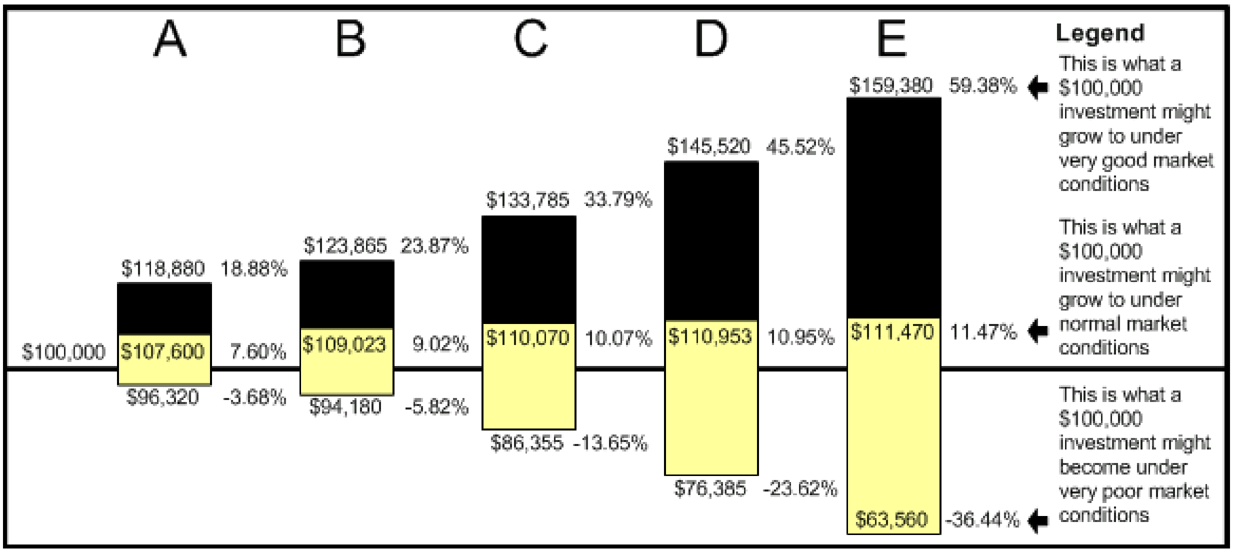
☐ Yes

☐ No

R8 Which investment would you be most comfortable owning?

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

Note that as expected returns increase from A to E, the range of possible returns also increases--increased risk goes with pursuit of higher returns.



Note: Range of returns in this chart assumes 99% probability of likelihood. On rare occasions the extreme result could be substantially worse (or better) than shown. Assume that 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 your attitude about investing in the equity markets?

- ☐ I am unwilling to experience any reduction in the value of my investments.
- ☐ I can tolerate infrequent, very limited declines (less than 10%) through difficult phases in a stock market cycle.
- ☐ I can tolerate limited declines (10-20%) through difficult phases in a stock market cycle.
- ☐ I can tolerate periods of moderately negative returns (declines of 20-35%) to achieve potentially higher investment returns and I recognize and accept that negative returns could persist for a year and possibly longer.
- ☐ I can tolerate periods of significant negative returns (greater than 35%) for the chance to maximize my long-term returns and I recognize and accept that negative returns could persist for a year and possibly longer.

Client Signature: ____

Co-Client Signature: ____

Date: ____

