

CLIENT RISK PROFILE QUESTIONNAIRE

CLIENT: _____ **DATE** _____

Please answer the following 10 questions as candidly as you can.
Circle your score for each question in the column on the right.

For example, in Question #1, the question asks how many years you can let your money grow. If you expect to wait four years, circle 2 points in the right-hand column.

When you answer the following questions you need to consider your answers as reflecting your feelings toward either your entire portfolio or only the assets managed by Financial Management Professionals. Check the one that applies.

_____ The following reflects my attitudes toward risk for my entire portfolio.

_____ The following reflects my attitudes toward the money managed by Financial Management Professionals.

1. TIME FRAME

How many years can you let your money grow before you will need to start significant withdrawals. (This is important because it indicates your financial ability to ride out down-cycles).

If the working time frame for your investment portfolio is...

GIVE YOURSELF

1-2 years..... 1 point
3-5 years..... 2 points
6-10 years..... 3 points
More than 10 years..... 4 points

2. YEARS TO RETIREMENT

Where are you in relation to retirement? The farther you are from retirement, the more risk you can take in your investing.

If the number of years between now and your retirement is...

GIVE YOURSELF

Retired now..... 0 points
1-5 years..... 1 point
6-9 years..... 2 points
10-15 years..... 3 points
More than 15 years..... 4 points

3. FINANCIAL CUSHION

Take a look at your total financial position and the cushion (assets you have outside of your investment portfolio for emergencies) you have set aside. This will help you decide how much risk you should prudently take in your investing.

If you have...

GIVE YOURSELF

- Little outside savings set aside, hence, preservation of principal is very important..... 1 point
- Reasonable savings set aside, and are willing to take moderate risk for moderate returns 2 points
- Ample savings set aside (mortgage is paid off, own CD's insurance, etc.) hence you feel comfortable taking larger risks for maximum return potential..... 3 points

4. CASH FLOW

What is your planned cash flow into and out of your investment portfolio over the next 3-5 years? Do you plan to contribute regularly to your investment portfolio, or do you intend to take out more than you put in? Negative cash flow (withdrawing principal) would suggest a low risk tolerance, while positive cash flow, (adding money on a regular basis) would tend to allow for some short-term volatility in the pursuit of higher returns.

If your plans are to ...

GIVE YOURSELF

- Withdraw money on a continuing basis..... 1 point
- Neither add nor withdraw money..... 2 points
- Add new money on a continuing basis 3 points

5. SPECIAL CIRCUMSTANCES

Although it's difficult to plan for the unexpected, are there any special circumstances you can envision (college tuition, home purchase, retirement, extended travel, medical, etc.) outside your usual contributions and withdrawals, that might necessitate the immediate liquidation of a major portion of your portfolio over the next 3-5 years?

If you can envision...

GIVE YOURSELF

- full portfolio could be liquidated 1 point
- major liquidations..... 2 points
- some small liquidations 3 points
- no liquidations..... 4 points

6. NEED FOR INCOME

How important is current income to you in the near term? Do you depend on income from your investment portfolio for living expenses?

If current income is...

GIVE YOURSELF

- critical 1 point
- needed to a large degree..... 2 points
- needed to a minor extent..... 3 points
- not important..... 4 points

7. ATTITUDE TOWARD LOSSES

Pretend you have a 25% loss in a mutual fund over the last year due to a general market decline (not poor fund management). What would you do now?

GIVE YOURSELF

- Sell all my shares of the fund..... 1 point
- Sell some shares of the fund..... 2 points
- Hold onto my shares 3 points
- Buy more shares in the fund 4 points

8. LONG RANGE OBJECTIVE

When saving for the future most people desire a return equal to or above inflation. However, historically the more return above inflation an investor expected the more ups and downs they had to endure. Listed below are target rates of return above inflation with the accompanying volatility that the investor would have experienced over an investment cycle of 30 years.

Please select the return/volatility relationship which most closely matches your goals. **Inflation has averaged 5.75% over the long term.**

If your target return is...

GIVE YOURSELF

- At least equal to inflation of 5.75%..... 0 points
- Inflation plus 1-1/2% annually (Gross 7.25%) over the investment cycle, with the possibility of a loss of 0% to 5% over a 12-month period..... 1 point
- Inflation plus 3% annually (Gross 8.75) over the investment cycle, with the possibility of a loss of 5% to 10% over a 12-month period..... 2 points
- Inflation plus 4% annually (Gross 9.75) over the investment cycle, with the possibility of a loss of 10% to 20% over a 12-month period.....3 points
- Inflation plus 5% annually (Gross 10.75) over the investment cycle, with the possibility of a loss of 20% to 30% over a 12-month period.....4 points
- Inflation plus 6% annually (Gross 11.75) over the investment cycle, with the possibility of a loss of 30% to 40 % over a 12-month period..... 5 points

9. INVESTING ATTITUDE

How do you feel you would react to up and down movements in your portfolio value?

GIVE YOURSELF

I'm very concerned any time my portfolio loses value.
I like to check the current value of my holdings frequently,
so that I can sell quickly if they start to lose money..... 1 point

Daily market changes make me uncomfortable, but I try not to overreact. If an investment loses 5% or more over a quarter, I am likely to sell it and look for something less volatile. 2 points

I realize that daily changes in price in financial markets can sometimes be substantial. Even if poor market conditions result in losses of 20% to 30% in a year, I would continue a long-term investment plan I feel is appropriate for my needs..... 3 points

Even if poor market conditions result in losses of 30% to 40% in a year, I would continue a long-term investment plan I feel is appropriate for my needs..... 4 points

10. FEELING TOWARD RISK

Finally, give your personal feeling about investment losses, and how willing you are to tolerate losses emotionally, by rating your risk tolerance.

If you characterize yourself as...

GIVE YOURSELF

- Low risk 0 point
- Below average risk 1 point
- Average risk 2 points
- Above average risk 3 points
- High risk 4 points

11. IMPORTANCE OF SHORT TERM SAFETY

Which of these unattractive events would you prefer, if one had to occur?

- Holding cash/money market funds when the market goes up.....1 point
- Holding stocks when the market goes down.....2 points

12. SHORT TERM CONCERN

Which of these unattractive events would you prefer, if one had to occur?

- Selling a stock and seeing it immediately increase in value.....1 point
- Buying a stock and having it immediately decrease in value.....2 points

13. ATTITUDE TOWARD RETURNS

If you were faced with the following three alternatives which would you choose?

- Consistent short-term (1 year) returns even though long-term (5 years or longer) returns may be lower.....1 point
- No preference.....2 points
- Higher long-term (5 years or longer) returns even though the returns may vary greatly over the short-term (1 year).....3 points

CLIENT RISK PROFILE SCORECARD

Adding Up Your Score

Client _____ Spouse _____

- | | | |
|---------------------------------------|--------------|--------------|
| 1. Time Frame | _____ points | _____ points |
| 2. Years to Retirement | _____ points | _____ points |
| 3. Financial Cushion | _____ points | _____ points |
| 4. Cash Flow | _____ points | _____ points |
| 5. Special Circumstances | _____ points | _____ points |
| 6. Need for Income | _____ points | _____ points |
| 7. Attitude Toward Losses | _____ points | _____ points |
| 8. Long Range Objective | _____ points | _____ points |
| 9. Investing Attitude | _____ points | _____ points |
| 10. Feeling Toward Risk | _____ points | _____ points |
| 11. Importance of Short Term Safety | _____ points | _____ points |
| 12. Short Term Concern | _____ points | _____ points |
| 13. Attitude Toward Returns
points | _____ points | _____ |

YOUR SCORE _____ **YOUR SCORE** _____

What Type of Asset Allocation Should You Consider?

- | | |
|---------|----------------|
| 10 — 18 | Conservative |
| 19 — 31 | Moderate |
| 32 — 39 | Aggressive |
| 40 — 43 | Fully Invested |