

Important Information Regarding these Reports

Analysis Reports:

This analysis estimates the gap between your current financial resources and your ability to meet a future need and is based on a series of assumptions. The reports and graphs are dependent on the quality and accuracy of data furnished by you. Assumed rates of return may fluctuate, tax laws may change and past performance may not continue in the future, all of which would result in an analysis that looks substantially different from this one.

No liability is assumed resulting from the use of the information contained in this analysis. Responsibility for any financial decisions is assumed by you. This analysis is for estimating purposes only and must be reviewed periodically in the event your circumstances or financial situation changes.

Assumptions:

Any rates of return or information used for general calculations are provided by the client and should be assumed to be estimates only and not predictive of future results.

Tax and legal information:

The information in these reports is not written or intended as tax or legal advice and may not be relied on for purposes of avoiding any federal tax penalties. Individuals are encouraged to seek personal tax or legal counsel.

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Risk Questionnaire

Determining the Appropriate Level of Risk

The purpose of a risk analysis is to assist you in determining the investment strategy that makes the most sense in your particular situation. While never an exact science, thoughtful, truthful answers to the following questions will point the way to a portfolio containing a combination of investment asset classes best suited to your risk tolerance. Of course, your risk tolerance may need reevaluation in the future to ensure that as your risk tolerance changes your portfolio reflects those changes.

Experience

A. In terms of your experience with stocks and bonds (or stock and bond mutual funds), how do you consider yourself as an investor?

1. Very inexperienced
2. Less than average experience
3. Average experience
4. More than average experience
5. Very experienced

Score:

B. What types of changes have you made in your investment portfolio in the last five years?

1. Nearly always toward less risky investments
2. Mostly toward less risky investments
3. No changes or no clear direction of changes with regard to risk
4. Mostly toward more risky investments
5. Nearly always toward more risky investments

Score:

Risk Assessment

C. Assume that you own \$500,000 of financial assets. Then assume that you have the opportunity to make an investment of \$20,000 of your assets into a portfolio that has the following chances of gains and losses. Which of these chances would you take?

1. An even (50-50) chance of gaining \$2,000 or not gaining or losing anything
2. A 70% chance of gaining \$5,000 and a 30% chance of losing \$5,000
3. A 65% chance of gaining \$10,000 and a 35% chance of losing \$10,000
4. A 60% chance of gaining \$15,000 and a 40% chance of losing \$15,000
5. A 55% chance of gaining an additional \$20,000 and a 45% chance of losing \$20,000 (the whole investment)

Score:

Risk Questionnaire

Determining the Appropriate Level of Risk

D. Assume the same chances and investment (\$20,000) as above, but now assume that your total financial assets are \$200,000. Which of the chances would you select?

1. An even (50-50) chance of gaining \$2,000 or not gaining or losing anything
2. A 70% chance of gaining \$5,000 and a 30% chance of losing \$5,000
3. A 65% chance of gaining \$10,000 and a 35% chance of losing \$10,000
4. A 60% chance of gaining \$15,000 and a 40% chance of losing \$15,000
5. A 55% chance of gaining an additional \$20,000 and a 45% chance of losing \$20,000 (the whole investment)

Score:

Risk Preference

E. When making an investment decision where the investment might generate substantial losses as well as substantial gains,

1. I focus on the potential loss almost exclusively.
2. I focus on the potential loss mainly.
3. I focus on the potential loss and the potential gain about equally.
4. I focus on the potential gain mainly.
5. I focus on the potential gain almost exclusively.

Score:

F. When a personal financial decision turns out to be a disappointment,

1. I almost always feel guilty and rotten, as if it is a personal failure.
2. I mainly feel that it is a personal failure.
3. I sometimes feel that it is a personal failure and sometimes that it is just a setback.
4. I mainly feel that it is just a setback.
5. I almost always feel that it is just a setback.

Score:

Behavior Toward Risk

G. Suppose that your portfolio of stocks or stock mutual funds suffered a 10% loss over three months while the general stock market was flat over the same period.

1. I would be very concerned and would quickly shift my portfolio toward less risky investments.
2. I would be concerned and would wait for the portfolio to recover and then shift more of my portfolio allocation to less risky investments.
3. I would wait it out and perhaps reevaluate my portfolio in a few months.
4. I would wait it out and would do nothing that I wouldn't have done anyway.
5. I would look to buy more stocks or stock mutual funds at the depressed price.

Score:

Risk Questionnaire

Determining the Appropriate Level of Risk

- H. The table below shows the range of returns for five different portfolios over a one-year period (e.g., the C portfolio shows an average annual return of 10.6% with a range of returns from 24.4% to – 6.8%). Given this information and \$100,000, in which portfolio would you choose to invest?

Portfolio	Average	Best Case	Worst Case
1	5.5%	7.8%	2.1%
2	8.9%	12.1%	-1.3%
3	10.6%	24.4%	-6.8%
4	12.3%	31.9%	-14.6%
5	14.8%	45.2%	-31.0%

Score:

Security

- I. Suppose that your income last year was \$100,000. Which of the following compensation structures corresponds to your ideal for this year? (Assume the bonus is related to your performance. It could be based on your manager's evaluation, commissions you may have earned or any other contractual arrangement you may have with your employer.)

1. \$95,000 salary with bonus potential from \$0 to \$10,000
2. \$80,000 salary with bonus potential from \$0 to \$40,000
3. \$70,000 salary with bonus potential from \$0 to \$80,000
4. \$60,000 salary with bonus potential from \$0 to \$120,000
5. \$50,000 salary with bonus potential from \$0 to \$170,000

Score:

- J. Consider your financial situation (your job outlook, and your ability to pay your bills and live a satisfactory life). What degree of confidence do you have that your situation is secure?

1. Very unsure
2. Somewhat unsure
3. Neither sure nor unsure
4. Somewhat sure
5. Very sure

Score:

Risk Questionnaire

Scoring

- A. _____
- B. _____
- C. _____
- D. _____
- E. _____
- F. _____
- G. _____
- H. _____
- I. _____
- J. _____
- Total:** _____

Investment Profile

Scores Between	Investment Profile
15 or less	Very Conservative
16 and 20	Conservative
21 and 25	Moderately Conservative
26 and 35	Moderate
36 and 40	Moderately Aggressive
41 and 45	Aggressive
46 or more	Very Aggressive

Investor Name: _____ Representative Name: _____

Signature: _____ Signature: _____

Date: _____

Asset Allocation Models

Model	Large Company Stocks	Small Company Stocks	Domestic Bonds	Treasury Bills and Cash	International Stocks
Very Aggressive	9.4%	50.5%	0%	0%	40.0%
Aggressive	29.2%	31.5%	7.5%	0%	31.8%
Moderately Aggressive	25.1%	25.2%	24.8%	0%	24.9%
Moderate	21.1%	18.8%	42.0%	0%	18.1%
Moderately Conservative	17.1%	12.5%	59.2%	0%	11.2%
Conservative	13.1%	6.8%	70.3%	4.5%	5.3%
Very Conservative	9.3%	4.2%	50.1%	32.7%	3.7%