



# RISK BUDGET QUESTIONNAIRE

CLS's Risk Budgeting Methodology is the foundation of our portfolio construction process. We start by defining your personalized Risk Budget, based on your unique investing time horizon and specific investment goals. This budget, which is expressed as a percentage of the risk of a well-diversified equity portfolio, represents the amount of risk you are comfortable taking on in exchange for potential returns. Your individual Risk Budget is the risk level at which we manage your portfolio.

To calculate your personalized Risk Budget, please select one answer from each of the following questions. You can tabulate your answers on the back of this page.

## 1. Which one of the following best describes your primary investment objective?

**Wealth Accumulation** Emphasis on continued capital appreciation in accordance with your overall risk tolerance.

(12)

**Wealth Maintenance** Emphasis on maintaining a desired lifestyle or level of financial security.

(6)

**Wealth Distribution** Emphasis on using wealth for living expenses.

(1)

## 2. Approximately how many years do you expect to continue to invest your assets in the stock market?

0-3 years

(0)

3-5 years

(4)

6-10 years

(8)

11-15 years

(12)

Greater than 15 years

(16)

## 3. Assume you are investing \$100,000 and can choose from the five hypothetical portfolios shown in the table to the right. The dollar values for each portfolio represent two possible returns - low and high - after one year.

Assuming there is an equal chance of achieving either result (low or high), indicate which portfolio represents the maximum risk/return trade-off you would be willing to accept.

	Possible High Value	Possible Low Value
<input type="checkbox"/> Portfolio A	\$148,352	\$58,863 (12)
<input type="checkbox"/> Portfolio B	\$139,263	\$67,529 (9)
<input type="checkbox"/> Portfolio C	\$130,146	\$77,073 (6)
<input type="checkbox"/> Portfolio D	\$121,834	\$87,514 (3)
<input type="checkbox"/> Portfolio E	\$114,051	\$98,860 (0)

The maximum gain or loss on an investment is impossible to predict. The ranges shown in the chart are hypothetical and are designed solely to gauge an investor's tolerance for risk.

**4. Please indicate the level of risk with which you are most comfortable (circle one response):**

<b>Low</b>			<b>Medium</b>					<b>High</b>		
<b>0</b>	<b>1</b>	<b>2</b>	3	4	5	6	7	8	9	10
(0)	(2)	(4)	(6)	(8)	(10)	(12)	(14)	(16)	(18)	(20)

*If you select "0", "1", or "2", CLS's investment methodology may not be appropriate for your portfolio.*

**5. How long are you prepared to wait for your account to return to its original value after a down market?**

Less than 18 months	18 months - 2 years	2-3 years	3-5 years	More than 5 years
<input type="checkbox"/> (0)	<input type="checkbox"/> (4)	<input type="checkbox"/> (8)	<input type="checkbox"/> (12)	<input type="checkbox"/> (16)

**6. My current and future income (salary, pension, etc.) is:**

Very secure/stable	Mostly secure/stable	Secure/stable	Somewhat secure/stable	Not secure/stable
<input type="checkbox"/> (12)	<input type="checkbox"/> (9)	<input type="checkbox"/> (6)	<input type="checkbox"/> (3)	<input type="checkbox"/> (0)

**7. How able are you to handle financial emergencies with assets outside of your CLS account(s)?**

Very able	Mostly able	Able	Somewhat able	Not able
<input type="checkbox"/> (12)	<input type="checkbox"/> (9)	<input type="checkbox"/> (6)	<input type="checkbox"/> (3)	<input type="checkbox"/> (0)

**Your Risk Budget**

To determine your specific risk budget, add together the point values associated with each of your responses. A total score of 100 represents the highest tolerance for risk.

1) \_\_\_\_\_  
 2) \_\_\_\_\_  
 3) \_\_\_\_\_  
 4) \_\_\_\_\_  
 5) \_\_\_\_\_  
 6) \_\_\_\_\_  
 7) \_\_\_\_\_  
 \_\_\_\_\_ **TOTAL**



**Risk Aligned to Your Level of Comfort**

Everyone has a comfort zone: some may like the thermostat set at 69 degrees, others may prefer 73. No matter what the weather is like outside, the thermostat adjusts to keep the temperature inside at a designated level. Risk Budgeting is essentially a thermostat for your portfolio. Once your Risk Budget is set, CLS consistently monitors and analyzes the assets in your portfolio to keep the risk level constant no matter how global market conditions change.