

Investment Risk Profile Questionnaire

This questionnaire is useful to find out what your comfort level is with various mixes of investments. Click the most appropriate answer, total your score, identify which group you fall into and then read the description of that group. You may want to choose an investment solution that fits this particular profile, but if you feel it does not adequately describe how you feel about investment risk, you may want to adopt another description.

Client 1 – Full Name:

Client 2 – Full Name:

Question 1

Which statement best describes your understanding of financial markets and investments?

	Agree	Strongly Agree
I am not at all familiar with financial markets or investments	2	1
I am not very familiar with financial markets or investments	4	3
I have some experience and understand some of the basics	5	6
I understand markets fluctuate and different market sectors have different income and growth characteristics	7	8
I am experienced with all investment sectors and understand the various factors that may influence performance	9	10

Client 1:

Client 2:

Question 2

Which of the following best describes your investment experience to date?

	Agree	Strongly Agree
Bank deposits and term deposits only	2	1
Bank deposits and property	4	3
Bank deposits, property and managed funds	5	6
Bank deposits, property and direct shares	7	8
Direct shares, property, alternative assets	9	10

Client 1:

Client 2:

Question 3

If you could increase your chances of improving your investment returns by taking more risk, would you be:

	Agree	Strongly Agree
Unlikely to take more risk	2	1
Willing to take a little more risk with some of your investments	4	3
Willing to take a moderate risk with some of your investments	5	6
Willing to take a lot more risk with some of your investments	7	8
Willing to take a lot more risk with all of your investments	9	10

Client 1:

Client 2:

Question 4

When faced with a major financial decision, are you more concerned about the possible losses or the possible gains?

	Agree	Strongly Agree
Always the possible losses	2	1
Usually the possible losses	4	3
A balance of both	5	6
Usually the possible gains	7	8
Always the possible gains	9	10

Client 1:

Client 2:

Question 5

Your portfolio will most likely comprise a mix of investments – some of the investments may have high expected returns but with high risk, some may have low or medium expected returns and low or medium risk. Which of the combinations below best describes your preference in terms of risk/return?

	High risk/return proportion	Low/medium risk/return proportion	Agree	Strongly Agree
Portfolio 1	0%	100%	2	1
Portfolio 2	30%	70%	4	3
Portfolio 3	50%	50%	5	6
Portfolio 4	70%	30%	7	8
Portfolio 5	100%	0%	9	10

Client 1:

Client 2:

Question 6

How comfortable do you feel when things go wrong financially?

	Agree	Strongly Agree
I feel very uncomfortable	2	1
I feel somewhat uncomfortable	4	3
I feel comfortable	5	6
I feel very comfortable	7	8
I have no concerns at all	9	10

Client 1:

Client 2:

Question 7

Which of the following best describes your personal attitude to financial risk?

	Agree	Strongly Agree
I am a very low risk taker	2	1
I am a low risk taker	4	3
I am a moderate risk taker	5	6
I am a high risk taker	7	8
I am a very high risk taker	9	10

Client 1:

Client 2:

Question 8

Investments can go up and down in value, and experts often say you should be prepared to weather a downturn. By how much could the total value of all your investments go down in the short term before you would begin to feel uncomfortable?

	Agree	Strongly Agree
Any fall would make me feel uncomfortable	2	1
10%	4	3
20%	5	6
33%	7	8
50% or more	9	10

Client 1:

Client 2:

Summary

This Risk Profile Questionnaire is scored on a scale of 8 – 80. Assuming that a Defensive Profile would best suit someone who is quite risk adverse and would put all of their investments into cash and term deposits, and a Growth profile would best suit an investor who is prepared to accept significant volatility in the short term to achieve a potential high return, when your scores are totalled where would you expect your investment risk profile to be?

Scoring

Go back and add up your score and see which group you fall into.

Total Score:

Client 1:

Client 2:

8 – 20 :	Defensive
21 – 40 :	Conservative
41 – 55 :	Balance
56 – 70 :	Growth

Based on the above assessment your risk profile is:

Client 1:

Client 2:

Please read the following description to see if you agree.

Defensive: The preservation of your investment is important to you and you are prepared to accept little, if any, risk of volatility. You would rather accept low but steady growth rather than risk losing any capital. You would not accept a potential loss in any year.

Conservative: You are more comfortable with stable investments and are not willing to accept much risk. However, if you have a longer time horizon, you are willing to accept a low level of volatility in your returns over the short term, as long as in the medium term, the value of your capital is preserved. You would accept a potential loss in one year out of every 20.

Balanced: You want to protect your capital but also seek some growth in the medium term. You are not comfortable with significant fluctuations in your portfolio, but you understand that some risk is needed to achieve more growth over the long term. You would accept a potential loss in one year out of every seven.

Growth: You generally have a long-term timeframe and are comfortable with the higher level of risk associated with shares. You accept that short-term fluctuations will occur in the value of your investment if you are seeking higher capital gain in the long term. You would accept a potential loss in one year out of every five.

High Growth: You have a long investment timeframe (more than 10 years) and one prepared to accept some volatility of returns to achieve the prospect of a higher capital gain.

Should you agree:

I confirm that this description describes my attitude to investing.		
Name:	Signature:	Date:

I confirm that this description describes my attitude to investing.		
Name:	Signature:	Date:

Should you disagree:

If the description does not properly describe your attitude to investment risk, indicate what description best fits and authorise the change below.

Client 1:		
While the above score assessed my investment style as being _____, I believe I am better described as a _____ Investor and want to receive advice on this basis.		
I confirm that this revised description describes my attitude to investing.		
Name:	Signature:	Date:

Client 2:		
While the above score assessed my investment style as being _____, I believe I am better described as a _____ Investor and want to receive advice on this basis.		
I confirm that this revised description describes my attitude to investing.		
Name:	Signature:	Date: