



Your investment risk profile is unique to you. Your risk profile is a measure of your risk tolerance. All investing entails some level of risk.

An individual's investment risk profile is a combination of their life experiences, their investing experiences, their level of financial understanding as well as their innate personal "comfort level". Your risk profile can change over time as your investment knowledge and experiences accumulate.

There is no optimum level of risk profile – an individual chooses the level of risk they are comfortable with, and selects (with the assistance of their financial adviser) investments and strategies that best reflect this risk profile.

The following questions are designed to assist an individual to set their risk profile level on the graph at the end – there are no right or wrong answers. Please answer the following questions by circling the most suitable answer for your current circumstances.

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| <p><b>1</b> Compared to other individuals how would your rate your willingness to take financial risks?</p> <p><b>A</b> Extremely low risk taker</p> <p><b>B</b> Very low risk taker</p> <p><b>C</b> Low risk taker</p> <p><b>D</b> Average risk taker</p> <p><b>E</b> High risk taker</p> <p><b>F</b> Very high risk taker</p> <p><b>G</b> Extremely high risk taker</p> | <p><b>2</b> When you are confronted with a major financial decision do you think mostly of the potential gains or the potential losses?</p> <p><b>A</b> Always the potential losses</p> <p><b>B</b> Mostly the potential losses</p> <p><b>C</b> Mostly the potential gains</p> <p><b>D</b> Always the potential gains</p> |
| <p><b>3</b> How do you think about your major financial decisions after you have made them?</p> <p><b>A</b> Very pessimistic</p> <p><b>B</b> Somewhat pessimistic</p> <p><b>C</b> Somewhat optimistic</p> <p><b>D</b> Very optimistic</p>                                                                                                                                 | <p><b>4</b> In the past what level of risk have you taken with your financial decisions?</p> <p><b>A</b> Very Low</p> <p><b>B</b> Low</p> <p><b>C</b> Average</p> <p><b>D</b> Large</p> <p><b>E</b> Extremely large</p>                                                                                                   |
| <p><b>5</b> When you have invested in the past have you ever used borrowed funds to invest?</p> <p><b>A</b> No</p> <p><b>B</b> Yes</p>                                                                                                                                                                                                                                    | <p><b>6</b> Investments can rise and fall in value over time. What level of short-term fall (1-3yrs) in your long term investment, would you be concerned about?</p> <p><b>A</b> 0%</p> <p><b>B</b> - 10%</p> <p><b>C</b> - 20%</p> <p><b>D</b> - 30%</p> <p><b>E</b> - 50%</p> <p><b>F</b> More than - 50%</p>           |



## Explanations for each of the RISK LEVELS

### 1 CONSERVATIVE

An investor who is prepared to accept very minimal capital risk. They prefer security of capital and income to capital growth potential. Income is generally more important than capital growth. Liquidity of investments are most important. Borrowings would be NIL. Income is more important than growth. Investments would include Cash and highly rated fixed interest securities.

### 2 MODERATELY CONSERVATIVE

An investor who is prepared to accept some limited capital risk. They prefer capital security over capital growth but not exclusively. Whilst income is preferred some capital growth is anticipated. Borrowings would be NIL. Income is predominantly more important than growth. Investments would include Cash, Fixed Interest and highly rated shares.

### 3 Conservatively BALANCED:

An investor who is striving to achieve a balance between maximising investment returns and minimising the risk of capital loss. They are prepared to accept some volatility in investment returns and the risk of capital loss but wishes to diversify their investments over shares, property and fixed interest asset classes so as to be balanced in their approach to their investments. They would probably use low levels of borrowing. Income is slightly more important than growth from assets. Investments would include all the asset classes but with an emphasis on fixed interest and residential real estate with some exposure to shares, to achieve balanced returns.

### 4 BALANCED

An investor who is completely balanced between the asset classes. They wish to achieve their balanced view to risk and are attempting, through diversification over the asset classes, to achieve low volatility of returns and low risk of capital loss. They appreciate this balanced view is at the expense of lower overall returns but are more comfortable with constrained growth than large fluctuations in returns. They are willing to use borrowings moderately in all asset classes if opportunity arises. Income and growth are equally important goals from their investment portfolio. Investments will include equal amounts in shares, fixed interest and residential property.

### 5 Aggressively BALANCED

An investor who is in all asset classes to achieve reduction in return volatility and lower risk of capital loss through diversification. They are willing to borrow to invest in all asset classes if opportunity arises. They will modify their asset allocation over the asset classes to achieve the right balance to benefit from the economic cycle. This will entail being in all asset classes at all times but with proportional weightings in the most favourable asset class at the time. Income is marginally less important than growth. Investments will include all asset classes; shares, residential real estate and fixed interest.

### 6 Controlled AGGRESSIVE

An investor who invests predominantly in property and shares to achieve growth of assets. They will borrow to invest and will do so aggressively in growth asset classes. They will take on higher levels of risk in regard to volatility of returns and the chance of capital loss to achieve higher returns from investments. Income is of a secondary nature to the need for growth. Investments will include growth shares both locally and offshore and residential real estate. May also include some exotic investments such as derivatives (options and futures) or collectibles (coins, paintings etc).

### 7 AGGRESSIVE

An investor who invests exclusively in high growth/high risk assets. They borrow heavily to achieve maximum gearing into their investments. They are concerned mostly with growth and require income from assets only to achieve serviceability of their debt. Investments will include high growth speculative shares and all types of high growth property not just residential real estate but commercial as well. They may actively trade shares and derivative products (both locally and overseas) as well as be involved heavily in all forms of exotic investments such as collectibles, tax effective investments and rural based schemes.