

# Risk Profile Assessment

Version 1.08 – 1 November 2019

## Purpose of this Document

By completing this self-assessment questionnaire, you will arrive at an investor profile which may be suitable for your personal investment strategy. Determining the profile which best reflects your investment goals and financial attitudes will assist you in choosing the investment fund(s) most suited to you.

Client Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Self-Assessment Questions

Please answer the following questions by selecting the answer you prefer by circling the corresponding score.

Questions & Answers	Score	
	Client 1	Client 2
1. <i>How long are you planning to invest for?</i>	<i>Client 1</i>	<i>Client 2</i>
(a) Parking (Less than a year)	1	1
(b) Short Term (1-3 years)	3	3
(c) Medium Term (3-5 years)	6	6
(d) Medium - Long term (5-7 years)	12	12
(e) Long term (More than 7 years)	15	15
2. <i>What is the likelihood of you requiring access to your investment?</i>	<i>Client 1</i>	<i>Client 2</i>
(a) Need my money within 12 months	1	1
(b) Almost certainly required within the next 3 years	3	3
(c) Little chance of requiring the majority of funds for at least 3-5 years	5	5
(d) Little chance of requiring the majority of funds for at least 5-7 years	10	10

Questions & Answers (Continued)	Score	
<b>3. What do you want to achieve through this investment?</b>	<i>Client 1</i>	<i>Client 2</i>
(a) Earn interest on the money before it will be spent over next 12 months	1	1
(b) Maintain my capital even at the expense of modest investment returns	3	3
(c) Generate an income stream	5	5
(d) Achieve steady capital growth with no need for current income/a need for some income	7	7
(e) Achieve high capital growth	9	9
<b>4. How important is it that your investments keep pace with inflation?</b>	<i>Client 1</i>	<i>Client 2</i>
(a) Not important - inflation is low so it won't make much difference over the short term when I need the money	1	1
(b) Fairly important - I need my money to be worth at least as much as it is now, and hopefully more, when I use it	3	3
(c) Very important - I want my investments to grow faster than inflation even though this involves more risk	5	5
<b>5. How do you feel about the value of your investments fluctuating by as much as 20% or more over a short period of time such as a year?</b>	<i>Client 1</i>	<i>Client 2</i>
(a) Not concerned	7	7
(b) A little concerned	5	5
(c) Fairly concerned	3	3
(d) Very concerned	2	2
(e) Alarmed	1	1
<b>6. Imagine your long-term investment is suddenly worth 20% less than it was 6 months ago. For example, you invested \$300,000 and it is now worth \$240,000 (a fall in value of \$60,000) You would:</b>	<i>Client 1</i>	<i>Client 2</i>
(a) Not applicable, this wouldn't apply as I wouldn't invest in a long-term investment	1	1
(b) Sell my investment immediately	1	1
(c) Retain the investment and monitor its performance going forward	5	5
(d) Treat the fall as a setback, however as a long-term investor remain invested to enable values to recover	7	7



**Questions & Answers (Continued)**
**Score**

	<i>Client 1</i>	<i>Client 2</i>
<b>7. How would you describe yourself as an investor?</b>		
(a) Very conservative	1	1
(b) Conservative - predominately looking for income with very little exposure to risky assets (like shares and property)	3	3
(c) Moderate - looking for returns without much risk and with a view to income	3	3
(d) Willing to invest in some "riskier" assets (like shares and property) for higher returns	5	5
(e) Willing to invest mainly in the "riskier" assets (mainly shares) for higher returns	7	7
<b>8. Which statement best describes your approach to choosing an investment?</b>		
(a) I don't feel comfortable with any chance of investment loss	1	1
(b) I like my returns to be fairly stable, I don't like the value of investments to rise and fall too much	3	3
(c) I accept that my investments may rise and fall if I want higher returns - however, I'm not interested in high risk investments even if they potentially have a high return	5	5
(d) I want the best long term returns I can get and I'm prepared to accept significant ups and downs in investment value	7	7
<b>Your Total Scores</b>		

### Your Risk Profile Score

We will assist you with calculating your risk profile score below.

Question	Cash	Defensive	Conservative	Balanced	Growth	High Growth
1	1	3	3	6	12	15
2	1	3	3	5	10	10
3	1	3	5	7	9	9
4	1	1	1-3	3	5	5
5	1	2	3	5	7	7
6	1	1	1	5	7	7
7	1	3	3	5	7	7
8	1	1	3	5	7	7
<b>Total</b>	<b>8</b>	<b>17</b>	<b>24</b>	<b>41</b>	<b>64</b>	<b>67</b>
<b>Range</b>	<b>&lt; 12</b>	<b>12-20</b>	<b>21-28</b>	<b>29-53</b>	<b>54-66</b>	<b>67</b>



## Other Investment Considerations

Questions & Answers	Score	
<i>Do you have a preference to access specific investments</i>	<i>Client 1</i>	<i>Client 2</i>
<ul style="list-style-type: none"> <li>No particular preference</li> <li>Access to direct shares or ETFs</li> <li>Access to alternative investments</li> <li>Access to term deposits</li> <li>Access to ethical-socially responsible investments</li> <li>Investment transparency – ability to view underlying investments</li> <li>Large range of investment managers and styles</li> </ul>		
<i>Are product costs and fees an important consideration?</i>	<i>Client 1</i>	<i>Client 2</i>
<ul style="list-style-type: none"> <li>Lowest cost is primary goal</li> <li>Seeking value for money</li> <li>Willing to pay for relevant features</li> <li>Ability to pay for advice via the fund/ platform</li> </ul>		
<i>Which of the following have you previously invested in?</i>	<i>Client 1</i>	<i>Client 2</i>
<ul style="list-style-type: none"> <li>Term deposits/ savings accounts</li> <li>Managed funds</li> <li>Direct shares</li> <li>Investment property</li> <li>Own home</li> <li>An investment you have borrowed for other than property</li> </ul>		
<i>Are there any investments you want to avoid?</i>	<i>Client 1</i>	<i>Client 2</i>



## Understanding Risk Profiles

The standard risk profiles are listed below.

Description	Risk Profile
Cash	<p>You seek to protect your capital and are prepared to forego higher returns to achieve this. You are not prepared to take any risk. You are likely to invest predominately in cash.</p> <p><b>The recommended minimum investment timeframe is less than one year.</b></p>
Defensive	<p>You seek stable returns with income but low potential for capital loss. You are prepared to take little risk and are likely to withdraw your investment in the event of loss in value. You are likely to invest in between 80% to 100% in income producing assets, such as fixed interest and cash and 0% to 20% in growth assets, such as shares and property.</p> <p>The neutral asset allocation position is 15% growth &amp; 85% income. <b>The recommended minimum investment timeframe is 1-3 years.</b></p>
Conservative	<p>You seek to preserve and potentially increase the value of your capital over the medium to long term with relatively stable returns over the medium term. You are prepared to take a small amount of risk. You are likely to invest in between 60% to 80% in income producing assets, such as fixed interest and cash and 20% to 40% in growth assets, such as shares and property.</p> <p>The neutral asset allocation position is 30% growth &amp; 70% income. <b>The recommended minimum investment timeframe is 2-3 years.</b></p>
Balanced	<p>You seek a balance of income and capital growth over the medium to long term. You are prepared to take short term risk to potentially gain longer term capital growth. You are likely to invest between 40% to 60% in income producing assets, such as fixed interest and cash and 40% to 60% in growth assets, such as shares and property.</p> <p>The neutral asset allocation position is 50% growth &amp; 50% income. <b>The recommended minimum investment timeframe is 3-4 years.</b></p>
Growth	<p>You seek returns mostly from capital growth over the long term. You are prepared to take medium to long term risk to potentially gain higher capital growth and in the event of loss in value, you are likely to maintain your strategy. You are likely to invest in between 20% to 40% in relatively secure and stable assets and 60% to 80% in growth assets, such as shares.</p> <p>The neutral asset allocation position is 70% growth &amp; 30% income. <b>The recommended minimum investment timeframe is 4-5 years.</b></p>
High Growth	<p>You seek capital growth over the long term. You are prepared to take long term risk and accept higher volatility to potentially gain higher capital growth and in the event of loss in value, you are likely to leave the investment in place. You are likely to invest 80-100% in growth assets, such as Australian and global shares.</p> <p>The neutral asset allocation position is 90% growth &amp; 15% income. <b>The recommended minimum investment timeframe is 5-7 years.</b></p>



### Your Risk Profile

Based on the assessment questions, we recommend the following risk profile/s.

Client 1	Client 2
Does the client agree with this profile?	
If not, why not?	
Consequences Advised to client of change	

### Your Acknowledgement

I/we have completed the assessment questions, and agree to our recorded risk profile as above.

Signed (Client 1)	Signed (Client 2)
X	X
/ /	/ /

### Adviser Acknowledgment

I declare that:

- The information contained on this document is an accurate record of the information provided by the client and acknowledged by the client signing and dating above.
- The preparation of the client's Statement of Advice will be based on the above information and any other documentation provided.

**Adviser Name:**

X
Date: / /

