



RISK ASSESSMENT QUESTIONNAIRE

Client Name

Date

Introduction - Understanding your tolerance for risk

The concept of risk tolerance is two-fold. It refers to both your personal desire to assume risk and your financial ability to endure risk. It also assumes that risk is relative to your own personality and feelings about taking chances. If you find that you can't sleep at night because you're worrying about your investments, you've assumed too much risk. Your financial ability to (endure) risk has to do with your age, stage in life, how soon you'll need the money, and your financial goals. The Risk Assessment Questionnaire helps us to determine your risk tolerance to determine the best asset mix for your investment portfolio.

What is an Investment Risk Profile?

Investment Risk can be described as the potential for actual investment returns to vary from expectations. The higher the level of investment returns you are seeking, the more risk you generally need to be prepared to accept. Not everyone has the same attitude to risk. An Investment Risk Profile is basically a general description regarding an Investor's attitude to risk.

How will the Risk Profiling Questionnaire be used?

In order to recommend investments that have the potential to offer a level or return that you desire, at a level of risk that you are comfortable with, it is important that we understand your attitude to risk. The Investment Risk Profile Questionnaire is one tool we use to assist us gain this understanding.

Are there any right or wrong answers?

There are no right or wrong answers, as only you can describe how you feel about risk. We may, however, wish to discuss some answers with you if they appear conflicting, or to enable us to gain a better understanding of your requirements. Please feel free to add comments if you wish to clarify your answers, or to discuss your answers with us.

Can my Risk Profile change?

Yes, it is quite likely that your attitude to investment risk will change over time. This may be the result of investment market experience, or changing personal circumstances such as a change in employment status, family members becoming no longer dependent upon you, or receipt of an inheritance or lottery win.

What if my Risk Profile is different to my partner's?

It is quite common that you and your partner will have a different attitude to Investment Risk. You should answer the questions as to how you feel, not what you think we or your partner want you to say. It is our role to assist you and your partner cater for the different attitude to risk.

What should I do if my Risk Profile changes?

If your attitude to risk changes, your investments may no longer be suitable. You should contact us immediately to arrange a review of your financial plan and investments should you feel your Risk Profile has changed.

Do I have to invest according to my Risk Profile?

No, there are a number of reasons why it may be necessary for you to invest differently than your Risk Profile may suggest. These could include investing more conservatively if you require access to capital in the short to medium term, or investing more aggressively if you have started your investments later in life and have to take on additional risk in an attempt to achieve higher returns to meet your financial objectives.

How can I find out more about Investment Risk?

The Financial Planning Association publication “The Trade-Off: Understanding Investment Risk” is a good starting point. If you would like a copy of this publication, or would like to discuss investment risk generally please call your Blossom Adviser.

1. In how many years do you estimate that you will begin to need the money you are investing?

- Immediately.
- Within the next 3 Years.
- From 3 to 7 Years.
- From 7 to 12 Years.
- Longer than 12 Years.

2. Once you begin making withdrawals, over how many years do you expect to take withdrawals from this portfolio?

- Five to ten years.
- Less than five years.
- Lump sum.
- More than ten years.

3. If you will be adding to your portfolio, what amount do you expect to add annually over the next five years?

- I am not sure.
- None.
- Less than \$5,000 annually _____(please list amount)
- Between \$5,000 and \$10,000 annually.
- Between \$10,000 and \$20,000 annually.
- Greater than \$20,000 annually _____(please list amount)

4. If a unique circumstance were to require an amount of capital equal to at least one-fourth the value of this portfolio, where would you obtain the money?

- I cannot envision a circumstance occurring that would require that much capital.
- All from this portfolio.
- The majority from this portfolio.
- From other savings/investments.
- Less than half from this portfolio, and the remainder from other savings and investments.

5. If you use withdrawals from your portfolio for living expenses, what lifestyle changes (if any) would you make if your portfolio declined substantially?

- Not applicable, I am not making any withdrawals from this portfolio.
- Would cut spending sharply.
- Would keep spending the same but would cut withdrawals from this portfolio and use other assets to fund spending in the meantime.
- Reduce spending slightly.
- No changes - would continue to spend the same amount.
- I cannot allow my portfolio to decline substantially.

6. Do you generally find yourself more comfortable investing in things that have done well the last few years?

- Not sure/depends.
- No.
- Yes.

7. When you review your portfolio, do you focus more on the individual positions or the overall portfolio?

- I am only concerned with the overall portfolio performance.
- While overall portfolio performance is important, I tend to focus on the performance of individual positions in the portfolio.

8. You are given a choice between two portfolios. The total values of BOTH portfolios fluctuate by roughly the SAME amount, but the fluctuations in value of the individual holdings are much wider. Which portfolio would you be most comfortable with?

- A portfolio with an annualized return of 10% where the returns of the individual holdings range from 0% to 15%.
- A portfolio with a slightly higher annualized return of 11% but where the returns of the individual range from a 10% loss to a 20% gain.

9. Which is closest to the largest percentage amount you ever lost on a single investment?

- Never lost money.
- 25%.
- 50%.
- 75%.
- 100%.

10. Which of the following statements best describes what you did during your most recent investment losses?

- Bought more.
- Sold quickly to avoid further losses.
- Continues to hold the investment.
- Held too long then sold close to the bottom.
- Not applicable.

11. Which best describes how you felt about steep losses you experienced?

- Not applicable.
- Denial. I was upset but tried not to look at the value, and hoped that eventually it would come back.
- Initial frustration followed by acceptance.
- High levels of anxiety and/or frustration.
- Desire to find another high-risk investment to make up the loss.
- Acceptance that losses are part of investing and that the risk I took was reasonable to the potential gain.

12. Is your ability to accept risk different now than it was before the stock-market weakness began in early 2007?

- I am more concerned with risk today and inclined to invest more conservatively.
- I can accept more risk today because the investment opportunities are better.
- My willingness to take on risk is no different today than it was prior to the bear market.

13. Consider two investments. An expert, whom you trust, tells you they are equally risky. If one, of those investments is more difficult to understand, are you likely to view it as riskier?

- Yes.
- No.

14. Which of the following best describes your expectations for performance?

- My performance should at least equal the stock market.
- I am willing to accept a little lower return than the stock market in exchange for a little greater safety.
- I don't care what the stock market does as long as I can beat inflation at low risk.
- My level of return doesn't matter as long as I don't lose money over any more than a few months.
- I want to beat the stock market and am willing to assume above-average risk in pursuit of capital growth.

15. Investment generate returns in different ways. Which of the following more closely describes your view?

- Dividend yields and interest is better suited for meeting living expenses.
- Overall return is my priority concern; it doesn't matter where it comes from or how it is employed to meet any cash flows needs I may have.

16. How would you most likely react to losses in your portfolio?

- As long as the losses are in the range of what I knew was possible, I feel it is important to have the stomach to stay the course and that my long-term success will probably be compromised if I don't.
- I am not sure how I would react.
- During difficult periods I have a harder time sticking to my guns and feel safer taking a temporary defensive position until things improve.

17. Describe the kind of risk with which you are comfortable:

- I could handle being down over a three-year period, but no longer.
- I could handle a one-year loss, but do not want to pursue a strategy that could result in longer periods of loss.
- I could handle losses over one or two quarters, but would not be comfortable subjecting myself to longer down periods.
- I don't want to lose any money ever. I could handle only a very small loss over a few months at most.
- I could accept being down over longer than three years if my long-term return potential was above average.

18. In terms of magnitude, indicate the level of the likely worst-case return you could accept in pursuit of above-average returns?

- Zero return over one year.
- 5% loss over one year.
- 10% loss over one year.
- 15% loss over one year.
- 20% loss over one year.

19. Have you ever placed trades in an on-line brokerage account?

- Yes, I have placed trades and have utilized an on-line brokerage account.
- No, I have not placed trades and have utilized an on-line brokerage account.

20. Do you prefer to have a professional oversee your investments or would you prefer to manage this on your own?

- Yes, I would prefer that someone else handle the trading and portfolio management aspects of my personal finances.
- No, I am comfortable placing trades and managing on-line brokerage accounts.

