Risk Profile Questionnaire

Names: Client 1 ______________________________

Client 2 ______________________________

Date of Completion: ______________________________

Adviser: ______________________________

Important notice to clients: Corporations law requires that in order to make an investment recommendation, the adviser must have reasonable grounds for making a recommendation. This means that the adviser must conduct an appropriate investigation as to the investment objectives, financial situation and particular needs of the person concerned. The information requested in this form is necessary to enable a recommendation to be made on a reasonable basis and will be used for that purpose.

Last updated: January 2022

About Your Risk Profile

This Questionnaire looks at your attitude to investing, your understanding of financial markets and how you may react during certain investment market and economic conditions. Financial planning is a long-term process and many of the investments are also long-term in nature. However, while long-term growth is generally achieved, it may come with periods of negative returns. To ensure your financial goals are reached, generally you must remain invested true to your financial plan during these periods.

The following questions help us understand your tolerance for financial risk. The information gives us an overall understanding of your investment profile and helps us understand what investment mix and products will be appropriate, or inappropriate, in helping to achieve your investment goals.

How to complete this questionnaire

- There are no incorrect answers. Simply tick the box next to the most appropriate answer for you.
- When you have answered all questions, add up your score to determine your investor risk profile.
- *Couples*: It is best to answer the questions on an individual basis as risk tolerance, and understanding of financial markets can vary. However, you can choose to complete the questionnaire together; in this instance use the 'Joint' column.

Which of the following best describes your own experience level as an investor?

	Client 1	Client 2	Joint	Score
I have had virtually no experience in investing money apart from using bank accounts	☐	☐	☐	1
I have had limited experience in investing	☐	☐	☐	2
I have had a reasonable level of investment experience	☐	☐	☐	3
I would consider myself an experienced investor	☐	☐	☐	4

Which of the following best describes your level of knowledge and understanding of financial markets and investing?

	Client 1	Client 2	Joint	Score
Solid	☐	☐	☐	4
Reasonable	☐	☐	☐	3
Limited	☐	☐	☐	2
Low	☐	☐	☐	1

Thinking about the risk you have taken with your past investment choices, how would you describe the level of risk?

	Client 1	Client 2	Joint	Score
High	☐	☐	☐	4
Moderate	☐	☐	☐	3
Low	☐	☐	☐	2
Not applicable as my past experience is limited	☐	☐	☐	1

In the context of investing, what best describes your attitude to risk?

	Client 1	Client 2	Joint	Score
It is something to be avoided	☐	☐	☐	1

It is a source of uncertainty and needs to be limited	☐	☐	☐	2
It can create the opportunity for improved returns	☐	☐	☐	3
It is something to be embraced	☐	☐	☐	4

If asked to make your own investment decisions how would you feel?

	Client 1	Client 2	Joint	Score
Not confident at all	☐	☐	☐	1
Somewhat hesitant	☐	☐	☐	2
Reasonably confident	☐	☐	☐	3
Very comfortable	☐	☐	☐	4

If you held a sizable investment that regularly went up and down in value, which would you be likely to do?

	Client 1	Client 2	Joint	Score
Watch its progress daily or weekly as I'm likely to be anxious about investment performance	☐	☐	☐	1
Watch its progress monthly out of concern over investment performance	☐	☐	☐	2
Watch its progress regularly, not out of concern, but just for general interest	☐	☐	☐	3
Only check its progress once or twice a year	☐	☐	☐	4

How would you feel if a large percentage of your investment portfolio was invested in the share market?

	Client 1	Client 2	Joint	Score
Very comfortable	☐	☐	☐	4
Reasonably comfortable	☐	☐	☐	3
A little hesitant but willing to consider it	☐	☐	☐	2
Not comfortable	☐	☐	☐	1

In order to earn a return above the level of bank interest rates you may need to hold investments that go up and down in value (i.e. have volatility). How important is it to you to protect your investment and minimise the prospect of any fall in the value?

	Client 1	Client 2	Joint	Score
Very important. Protecting my existing investment is my main objective.	☐	☐	☐	1
Important, but I'm comfortable for at least a small part of my portfolio to have volatility in order to improve returns over the longer term.	☐	☐	☐	2
Somewhat important but I'm prepared to take on a reasonable amount of volatility in order to increase my chance of higher returns over the longer term.	☐	☐	☐	3
Not particularly important as I'm comfortable that having exposure to volatility is the best way to maximise returns over the longer term.	☐	☐	☐	4

If you owned a large amount of shares and the stock market fell quickly by 20%, what do you believe your natural reaction would be?

	Client 1	Client 2	Joint	Score
To sell all the shares as soon as possible to avoid any further falls	☐	☐	☐	1
To sell some of the shares to reduce exposure to future falls	☐	☐	☐	2
To hold the shares and wait for a recovery	☐	☐	☐	3
To look for ways to buy more shares	☐	☐	☐	4

Investments that go up and down in value in the short-term (i.e. have volatility) are more likely to produce higher returns than investments that remain steady. Are you prepared to experience volatility in your investments in order to increase the chance of higher returns?

	Client 1	Client 2	Joint	Score
Yes, definitely	☐	☐	☐	4
Yes, for a significant part of my investment portfolio	☐	☐	☐	3
Yes, but only for some of my investment portfolio	☐	☐	☐	2
No, not at all	☐	☐	☐	1

Assessment	Client 1	Client 2	Joint
Total score			
Identified investment strategy	____% Growth	____% Growth	____% Growth

Score	Profile	Description
11– 17	**30% Growth**	This portfolio is suitable for investors seeking a relatively low-risk investment. They don't want to aim for higher returns if it means their portfolio may decrease significantly in value. This is a defensive portfolio and will only have an allocation of around 30% to growth assets such as shares and property. Capital is not guaranteed and there is some risk of a portfolio decreasing in value, although this is substantially reduced for investments over the recommended minimum investment term of three years.
18 - 26	**50% Growth**	This portfolio is suitable for investors seeking an investment which balances risk and return. There will be an allocation of around 50% to growth assets such as shares and property. Capital is not guaranteed and there may be fluctuations and some negative returns from year to year. There is a risk of a portfolio decreasing in value although this is substantially reduced for investments over the recommended minimum investment term of five years.
27 – 32	**70% Growth**	This is a portfolio for investors who seek a balance between risk and return. They are prepared to invest for a long term and ride out periods of negative returns provided they may benefit from higher returns. The Balanced portfolio will have a large allocation of around 70% to growth assets such as shares and property. There may be some large fluctuations and some negative returns from year to year. There is a significant risk of a portfolio decreasing in value in the short term although this is substantially reduced for investments over the recommended minimum investment term of seven years.
33 – 36	**85% Growth**	This is a growth portfolio and is suitable for investors seeking a higher return investment. They are prepared to invest for a long term and ride out extended periods of negative returns provided they may benefit from higher returns. The Growth portfolio will have a large allocation of around 85% to growth assets such as shares and property. There may be large fluctuations and some negative returns from year to year. The recommended minimum investment term is eight and a half years.
37 - 40	**100% Growth**	This portfolio is suitable for investors seeking a higher return investment. They are prepared to invest for a long term and ride out extended periods of negative returns provided they may benefit from higher returns. This is 100% invested in growth assets such as shares and property. There may be large fluctuations and some negative returns from year to year. The recommended minimum investment term of ten years or more.

Your Investor Risk Profile - Characteristics

Benchmark portfolios	**30% Growth**	**50% Growth**	**70% Growth**	**85% Growth**	**100% Growth**
Minimum timeframe	3years	5 years	7 years	8.5 years	10 years
Asset allocation					
Cash	22%	11%	5%	4%	0%
Australian fixed interest	26%	21%	14%	7%	0%
International fixed interest	22%	18%	11%	4%	0%
Total defensive assets	**70%**	**50%**	**30%**	**15%**	**0%**
Listed Property/Infrastructure	4%	7%	10%	13%	15%
Australian shares	9%	17%	24%	30%	36%
International shares	11%	20%	28%	36%	43%
Other-Alternatives	6%	6%	8%	6%	6%
Total growth assets	**30%**	**50%**	**70%**	**85%**	**100%**

Return assumptions – May 2021					
Projected return per annum	2.98%	4.21%	5.31%	6.22%	7.10%
Extreme return range	-8.60% to 14.50%	-13.40% to 21.80%	-18.40% to 29.10%	-23.00% to 35.50%	-27.40% to 41.60%
Normal return range	-2.80% to 8.80%	-4.60% to 13.00%	-6.60% to 17.20%	-8.40% to 20.80%	-10.20% to 24.40%
Probability of a positive return	78.08%	76.38%	74.90%	73.82%	73.12%
Investment objective over timeframe	CPI + 0.25%	CPI + 1.00%	CPI + 1.75%	CPI + 2.50%	CPI + 3.25%
Probability of meeting investment objective	57.71%	63.50%	66.30%	66.40%	64.86%

NOTES:

- Minimum timeframe refers to the minimum period of time an investor should be prepared to remain within a given benchmark portfolio.
- Frequency of a negative return does not mean you cannot experience multiple years of negative returns. It reflects a distribution of expected return outcomes relative to the expected risk of the strategy.
- Extreme return range – 99% of results are expected to fall in this range.
- Normal return range – 2/3rds of annual results are expected to fall in this range.
- This information was obtained from Morningstar and considered to be reliable, however we do not guarantee it is accurate or complete. The direct property and Cash rate were provided by AMP Capital and AMPA Research respectively. The information in this publication is current as at May 2021 and may change over time. Past performance is not a reliable indicator of future performance.

- This table contains information that is general in nature. It does not consider the objectives, financial situation or needs of any particular person. You need to consider you financial situation and needs before making any decisions based on this information.

Additional Comments & Considerations

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Your Acknowledgement

Based on the result of the Risk Profile Questionnaire and the above responses to my/our priorities and lifestyle needs, I am/we are comfortable with investing in line with the Investment profile identified earlier in the questionnaire.

Client 1 - Signature	**Client 2 - Signature**

	Date:		**Date:**
Client 1 - Name		**Client 2 - Name**	