

---

## Risk Tolerance Questionnaire

### **About FinaMetrica**

The FinaMetrica questionnaire provides a scientific assessment of your personal financial risk tolerance. The questionnaire is used by leading advisors in over 20 countries. More than one million risk tolerance questionnaires have been completed since 1998.

### **Your Financial Risk Tolerance Profile**

The results of this risk tolerance questionnaire help your financial advisor to better understand you and make recommendations that are the right 'fit' for you. We recommend you discuss your risk tolerance profile with your financial advisor and find out how your risk tolerance fits with your asset structure.

In the questionnaire, you are asked about your attitudes, values and experiences. There are no right or wrong answers - it is more like having your pulse or blood pressure measured.

### **How the Questionnaire Works**

The questionnaire is a series of easy to complete multiple-choice questions. Like all multiple-choice questionnaires, sometimes none of the answers will match exactly what you want to say. When that happens, choose the answer that is closest or 'best fit' to your response.

Similarly, give your 'best fit' answer for questions that ask about a situation that isn't relevant to you, or in situations where you would normally seek further information. Remember - there are no right or wrong answers.

## **Terms and Conditions of Use**

### **Intellectual Property**

You acknowledge and accept that Morningstar, Inc. is the owner and licensor of all the intellectual property rights and copyright in the materials, data and processes comprising the FinaMetrica Risk Profiling system.

### **Privacy**

These Terms and Conditions must be read in conjunction with Morningstar's Privacy Policy at [www.morningstar.com/company/privacy-center](http://www.morningstar.com/company/privacy-center).

### **Acceptance**

By completing your details and signing below, you acknowledge that you have read, understood and accepted the above Terms and Conditions of Use.

Date Completed \_\_\_\_\_

First Name \_\_\_\_\_

Middle Initial \_\_\_\_\_

Last Name \_\_\_\_\_

Email Address (if any) \_\_\_\_\_

Signature \_\_\_\_\_

Please answer all the questions. Choose the option that best indicates how you feel about each question. If none of the options is exactly right for you, choose the option that is closest.

**1. Compared to others, how do you rate your willingness to take financial risks?**

- ☐ 1. Extremely low risk taker.
- ☐ 2. Very low risk taker.
- ☐ 3. Low risk taker.
- ☐ 4. Average risk taker.
- ☐ 5. High risk taker.
- ☐ 6. Very high risk taker.
- ☐ 7. Extremely high risk taker.

**2. How easily do you adapt when things go wrong financially?**

- ☐ 1. Very uneasily.
- ☐ 2. Somewhat uneasily.
- ☐ 3. Somewhat easily.
- ☐ 4. Very easily.

**3. When you think of the word "risk" in a financial context, which of the following words comes to mind first?**

- ☐ 1. Danger.
- ☐ 2. Uncertainty.
- ☐ 3. Opportunity.
- ☐ 4. Thrill.

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

- ☐ 1. Always the possible losses.
- ☐ 2. Usually the possible losses.
- ☐ 3. Usually the possible gains.
- ☐ 4. Always the possible gains.

**5. What degree of risk are you currently prepared to take with your financial decisions?**

- ☐ 1. Very small.
- ☐ 2. Small.
- ☐ 3. Medium.
- ☐ 4. Large.
- ☐ 5. Very large.

**6. Suppose that 5 years ago you bought stock in a highly regarded company. That same year the company experienced a severe decline in sales due to poor management. The price of the stock dropped drastically and you sold at a substantial loss.**

**The company has been restructured under new management, and most experts now expect it to produce better than average returns. Given your bad past experience with this company, would you buy stock now?**

- ☐ 1. Definitely not.
- ☐ 2. Probably not.
- ☐ 3. Not sure.
- ☐ 4. Probably.
- ☐ 5. Definitely.

7. 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 before you would begin to feel uncomfortable?

- ☐ 1. Any fall in value would make me feel uncomfortable.  
☐ 2. 10%.  
☐ 3. 20%.  
☐ 4. 33%.  
☐ 5. 50%.  
☐ 6. More than 50%.

8. Most investment portfolios have a mix of investments - some of the investments may have high expected returns but with high risk, some may have medium expected returns and medium risk, and some may be low-risk/low-return. (For example, stocks and real estate would be high-risk/high-return whereas cash and CDs (certificates of deposit) would be low-risk/low-return.)

Which mix of investments do you find most appealing? Would you prefer all low-risk/low-return, all high-risk/high-return, or somewhere in between?

**Mix of Investment in Portfolio**

Portfolio	High Risk/Return	Medium Risk/Return	Low Risk/Return
<input type="checkbox"/> 1.	0%	0%	100%
<input type="checkbox"/> 2.	0%	30%	70%
<input type="checkbox"/> 3.	10%	40%	50%
<input type="checkbox"/> 4.	30%	40%	30%
<input type="checkbox"/> 5.	50%	40%	10%
<input type="checkbox"/> 6.	70%	30%	0%
<input type="checkbox"/> 7.	100%	0%	0%

9. With some types of investment, such as cash and CDs (certificates of deposit), the value of the investment is fixed. However inflation will cause the purchasing power of this value to decrease.

With other types of investment, such as stocks and real estate, the value is not fixed. It will vary. In the short term it may even fall below the purchase price. However over the long term, the value of the stocks and real estate should certainly increase by more than the rate of inflation.

With this in mind, which is more important to you - that the value of your investments does not fall or that it retains its purchasing power?

- ☐ 1. Much more important that the value does not fall.  
☐ 2. Somewhat more important that the value does not fall.  
☐ 3. Somewhat more important that the value retains its purchasing power.  
☐ 4. Much more important that the value retains its purchasing power.

10. Think of the average rate of return you would expect to earn on an investment portfolio over the next ten years. How does this compare with what you think you would earn if you invested the money in one-year CDs (certificates of deposit)?

- ☐ 1. About the same rate as from CDs.  
☐ 2. About one and a half times the rate from CDs.  
☐ 3. About twice the rate from CDs.  
☐ 4. About two and a half times the rate from CDs.  
☐ 5. About three times the rate from CDs.  
☐ 6. More than three times the rate from CDs.

## Demographic Questionnaire

Finally, a few questions about yourself to help us understand the pattern of Risk Tolerance in our community. Please note that this section is optional and is not part of the scoring process.

1. **I am**  
☐ 1. Male.  
☐ 2. Female.  
☐ 3. Other.
2. **My year of birth is \_\_\_\_\_**
3. **The highest education level I attained, or the closest equivalent, is**  
☐ 1. Did not complete high school.  
☐ 2. Completed high school.  
☐ 3. Trade or diploma qualification.  
☐ 4. University degree or higher qualification.
4. **Having in mind income from all sources - work, investment, family and government - into which income bracket does your personal before-tax income fall?**  

<input type="checkbox"/> 1. Under \$20,000.	<input type="checkbox"/> 5. \$200,000 - \$499,999.
<input type="checkbox"/> 2. \$20,000 - \$49,999.	<input type="checkbox"/> 6. \$500,000 - \$999,999.
<input type="checkbox"/> 3. \$50,000 - \$99,999.	<input type="checkbox"/> 7. \$1,000,000 or over.
<input type="checkbox"/> 4. \$100,000 - \$199,999.	
5. **Are you married (or in a de facto relationship)?**  
☐ 1. Yes.  
☐ 2. No.
6. **If "Yes", into which income bracket does your combined before-tax income fall?**  

<input type="checkbox"/> 1. Under \$20,000.	<input type="checkbox"/> 5. \$200,000 - \$499,999.
<input type="checkbox"/> 2. \$20,000 - \$49,999.	<input type="checkbox"/> 6. \$500,000 - \$999,999.
<input type="checkbox"/> 3. \$50,000 - \$99,999.	<input type="checkbox"/> 7. \$1,000,000 or over.
<input type="checkbox"/> 4. \$100,000 - \$199,999.	
7. **How many people in your family, beside yourself, do you fully or partially support financially? \_\_\_\_**
8. **Think of your net worth as being what you own, including your family home and other personal-use assets, minus what you owe. Into which bracket does the value of your net worth fall? (If you are married or have a de facto partner, include only your share of jointly owned assets less your share of what you owe jointly.)**  

<input type="checkbox"/> 1. Under \$10,000.	<input type="checkbox"/> 7. \$500,000 - \$999,999.
<input type="checkbox"/> 2. \$10,000 - \$24,999.	<input type="checkbox"/> 8. \$1,000,000 - \$1,999,999.
<input type="checkbox"/> 3. \$25,000 - \$49,999.	<input type="checkbox"/> 9. \$2,000,000 - \$4,999,999.
<input type="checkbox"/> 4. \$50,000 - \$99,999.	<input type="checkbox"/> 10. \$5,000,000 - \$9,999,999.
<input type="checkbox"/> 5. \$100,000 - \$199,999.	<input type="checkbox"/> 11. \$10,000,000 - \$19,999,999.
<input type="checkbox"/> 6. \$200,000 - \$499,999.	<input type="checkbox"/> 12. \$20,000,000 or over.

You may wish to review your answers before returning the questionnaire to your advisers. In order to have your Risk Tolerance report prepared, you must answer all 10 questions in the Risk Tolerance Questionnaire. Now is the best time to check for omissions and correct any mistakes. Once your answers are recorded they cannot be changed. This is done to ensure the integrity of the data. If, later, you wish to change an answer, this can only be done by entering a completely new set of answers which includes the change.



CLIENTS FOR LIFE