

Risk Profile Questionnaire

Confidential Document

IMPORTANT: Your adviser is required by law to make enquiries as to:

- a) The level of service you are seeking,
 - b) Your investment objectives including your risk profile
 - c) Financial situation
 - d) Particular needs
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- A key consideration in understanding your investment requirements is your attitude to and tolerance of risk.
 - The following questionnaire has been prepared to help you consider the various investment risks and to understand how they impact on your personal circumstances.
 - The questions define your attitude to security and the level of risk you are prepared to accept for your investments.
 - Please take the time to answer these questions as they will assist your financial adviser to develop an appropriate investment strategy that will meet your financial and lifestyle objectives.
 - Please note that you may decline to provide the information requested, but you should note that Independent Capital Advisers' recommendations and obligations will be limited accordingly, and you will need to determine whether the advice provided suits your individual circumstances.

Details

Independent Capital Advisers
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1.1 Which of the following best describes your current stage of life?

	Point(s)	Client 1	Client 2
Single with few financial burdens. Ready to accumulate wealth for future short term and long-term goals.	5		
A couple without children. Preparing for the future by establishing a home. Expecting to have or already have a high purchase rate of household and consumer items	4		
Young family with a home. You have a mortgage and childcare costs and maintain only small cash balances.	3		
Mature family. You are in your peak earning years and your mortgage is under control. You both work and you may or may not have children that are growing up or have left home. You are ready to start thinking about your retirement years.	5		
Preparing for retirement. You own your own home and have few financial burdens; you want to ensure you can afford a comfortable retirement.	2		
Retired. You rely on existing funds and investments to maintain your lifestyle in retirement. You may already be receiving a government pension and/or superannuation pension.	1		

1.2 How familiar are you with investment matters?

	Point(s)	Client 1	Client 2
Not familiar at all with investments and feel uncomfortable with the complexity.	0		
Not very familiar when it comes to investments	1		
Somewhat familiar. I don't fully understand investments, including the share market.	2		
Fairly familiar. I understand the various factors which influence investment performance.	3		
Very familiar. I use research and other investment information to make investment decisions. I understand the various factors which influence investment performance.	7		

1.3 How long have you been investing, not counting your own home and bank deposits

	Point(s)	Client 1	Client 2
3 years or more	5		
Up to 3 years	2		
This is my/our first investment	1		

1.4 How long would you invest the majority of your money before you think you would need access to it? (Assuming you have plans in place to meet short term cash flow and/or emergencies)

	Point(s)	Client 1	Client 2
In 2 years or less	1		
Within 3 – 5 years	3		
Within 6 – 10 years	7		
Not for 10 + years	10		

Sub Total Points		
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1.5 Once you start using your invested money how long would you need it to last?

	Point(s)	Client 1	Client 2
Over a period of 2 years or less	0		
Over a period of 3 – 5 years	1		
Over a period of 6 – 10 years	3		
More than 10 years/retirement	5		

1.6 In October 1987, the Australian Share Market fell more than 40% during the month. If the share component of your portfolio fell by 40% over a period, such as a month would you:

	Point(s)	Client 1	Client 2
Sell all of the investments. You do not intend to take risks	1		
Sell a portion of your portfolio to cut your losses and reinvest into more secure investment sectors.	3		
Hold the investment and sell nothing expecting performance to improve.	5		
Invest more funds to lower your average investment price.	7		

(If you have experienced a fall like this, choose the answer that corresponds to your actual behaviour).

1.7 If your investments fell by more than 6% over a short period, would you:

	Point(s)	Client 1	Client 2
Sell all of the remaining investment.	1		
Sell a portion of the remaining investment.	3		
Hold your investments and sell nothing.	5		
Invest more funds. You can tolerate short term losses in expectation of future growth.	1		

(If you have experienced a fall like this, choose the answer that corresponds to your actual behaviour).

1.8 The table below shows the highest one-year gain and highest one year loss on three different hypothetical investments of \$10,000. Given the potential gain or loss in any one year, where would you invest your money?

Fund	A	B	C
Highest Gain	\$593	\$1,921	\$4,229
Highest Loss	-\$164	-\$1,020	-\$3,639

	Point(s)	Client 1	Client 2
Fund A	1		
Fund B	3		
Fund C	5		

Sub Total Points		
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1.9 Which one of the following statements describes your feelings towards choosing an investment?

	Point(s)	Client 1	Client 2
I would prefer investments with little or no fluctuation in value and have a low degree of risk associated with them. I am willing to accept the lower return associated with these investments.	1		
I prefer to diversify with a mix of investments that have an emphasis on low risk. I am happy to have a small proportion of the portfolio invested in assets that have a higher degree of risk in order to achieve a slightly higher return. I am prepared to accept a negative investment return of 1 in 10 years.	2		
I prefer to have a spread of investments in a balanced portfolio. I am happy to have a negative return of 1 in 7 years.	4		
I prefer to diversify my investments with an emphasis on more investments that have higher returns, but still having a small amount of low risk investments. I am prepared to accept a negative return of 1 in 5 years.	7		
I would only select investments that have a higher degree of investment price fluctuation so that I can earn higher long-term returns. I am happy to accept a negative return of 1 in 3 years in order to achieve this goal.	12		

2.0 How secure is your current and future income from source such as salary, pensions, or other investments?

	Point(s)	Client 1	Client 2
Not secure	2		
Somewhat secure	3		
Fairly secure	4		
Very secure	5		

Apart from your home, have you ever borrowed money to make an investment?

	Point(s)	Client 1	Client 2
Yes: What % of your total assets?	n/a		
No	n/a		

Would you consider borrowing money to make an investment?

	Point(s)	Client 1	Client 2
Yes – what is the maximum level of borrowing (gearing) you are prepared to accept as a percentage of your net assets (equity)?		____%	____%

Sub Total Points		
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Total Points (add all of the sub total points from previous pages)	Client 1	Client 2

Risk Profile Results (based on your answers to the previous risk profiling questions)

Points (per client)	Description	Client 1	Client 2
56+	You are an Aggressive Investor . You are prepared to take higher risks for potentially greater returns. Overall you have a greater need for capital growth than for income. You are well placed to recover from unforeseen market downturns either because you have time on your side or access to capital reserves.		
45 - 55 points	You are an Assertive Investor . Your investment portfolio should have a bias towards capital growth and you have little need for income. You are prepared to accept a higher degree of volatility and risk. Your primary concern is to accumulate assets over the medium to long term.		
26 - 44 points	You are a Balanced Investor . Your investment portfolio should have a focus on capital growth with some need for income. Calculated risks will be acceptable to achieve better returns.		
19 - 25 points	You are a Conservative Investor . Typically, you are an investor seeking to protect the wealth you have already accumulated. Your investment portfolio should be structured more towards income producing assets rather than assets offering capital growth. However some growth is expected to keep you ahead of inflation.		
0 – 18 points	You are a Defensive Investor . Your investment portfolio should be biased towards security of capital. A regular income stream is a priority over capital growth. Investments typically have a higher liquidity.		

Client Risk Profile Acknowledgement

	Client 1	Client 2
I agree with the category assigned above and understand that this profile will be considered in the advice process.		
I disagree with the category assigned above		

Client Risk Profile Declaration

We confirm that the details recorded in the Client Risk Profile Questionnaire are correct and are a true reflection of our attitude towards risk.

We confirm that we have read and understood my/our agreed risk profile, and additionally we understand that this profile will be considered in the advice process.

	Client 1	Client 2
Signature		
Full name		Date:

Adviser Declaration

Adviser Representative's Signature	
Adviser Representative's Number	
Date	

Adviser Risk Profile Variation

<p>As your adviser, I propose a variation from the risk profile that the questionnaire placed you in. I recommend we adopt the following risk profile for the reasons mentioned below.</p>	Risk Profile	
	Client 1	Client 2
	Aggressive	
	Assertive	
	Balanced	
	Conservative	
Defensive		

Reasons for proposed variation and Consequence of alteration:

Client(s) response to the Adviser Risk Profile Variation

Client 1	Client 2
I agree with the proposed adviser variation to the risk profile	

If you are not comfortable with the proposed variation to your risk profile, you can instruct me as to the type of profile you would prefer


Client Risk Profile Variation

<p>I disagree with the original risk profile or the adviser proposed variation to the risk profile and request to be placed in the following risk profile for the reasons mentioned below.</p>	Risk Profile	
	Client 1	Client 2
	Aggressive	
	Assertive	
	Balanced	
	Conservative	
Defensive		

Reasons for proposed variation and Consequences of alteration::

Client 1

Client 2

Signature		Signature	
Full name		Date:	

Adviser Declaration

Adviser Representative's Signature	
Adviser Representative's Number	
Date	