



Assessing Your Risk Profile

Introduction

Everyone has a different attitude and capacity for taking risks with their money. To give you the right investment advice, your financial adviser needs to understand your personal risk profile.

We've developed a risk profile assessment to help you work out how much risk you're willing to take with your investments. Your financial adviser can then use the results of the assessment to give you appropriate investment advice for your risk profile.

Please complete the assessment and return it to your financial adviser. The assessment is made up of three parts:

Part:

- 01** | Questions about your capacity for risk
- 02** | Questions about your attitude towards risk
- 03** | Plotting your scores to determine your risk profile

After you have completed the risk profile assessment you will need to sign the below.

Sign and date the risk profile

Please fill in your details as well as your financial adviser's details below.

Client name: _____

Client signature: _____

Financial adviser name: _____

Financial adviser signature: _____

Date: 20 ____ - ____ - ____

Questions about your capacity for risk

	Score	My score
01 How old are you?		
A Under 30	17	
B 31 to 40	12	
C 41 to 50	9	
D 51 to 60	1	
E Over 60	0	
02 How long can you keep your money invested before withdrawing it?		
A Less than 5 years	1	
B 5 to 10 years	4	
C 11 to 15 years	8	
D More than 15 years	16	
03 If you have a current investment, what is the value of this investment (for example, Mutual Funds, Pensions, etc)?		
A Half my yearly income	0	
B Equal to my yearly income	2	
C Double my yearly income	3	
D Triple my yearly income	9	
E More than triple my yearly income	12	
04 How much do you expect your income to grow in the next few years?		
A Slower than inflation	1	
B At about the same rate as inflation	3	
C Much quicker than inflation	8	
D Unpredictable and potentially changing continuously	0	
05 How will you pay for your and your dependants' big expenses before you retire?		
A With my income only	11	
B I don't have major costs or dependants to worry about	10	
C Withdrawing a small part of my savings	6	
D Withdrawing more than half of my savings	2	
E Withdrawing most of my savings	0	
06 How much insurance do you currently have? (such as insurance for theft, accident, illness and death)		
A Almost none	0	
B Some	2	
C Considerable	4	
D Almost everything	7	
	Total:	

Questions about your attitude towards risk

	Score	My score
07 When you think of the word “risk” in financial terms, which of the following words come to mind first?		
A Danger	0	
B Uncertainty	0	
C Opportunity	2	
D Thrill	4	
08 How do you usually feel about your major financial decisions after you make them?		
A Very pessimistic	0	
B Somewhat pessimistic	1	
C Somewhat optimistic	3	
D Very optimistic	4	
09 How would you react to fluctuations in the market?		
A I am very concerned if my investments lose any value and likely to sell and invest elsewhere	0	
B If an investment loses 5% over a quarter, I am likely to sell and invest elsewhere	0	
C I will wait until I have watched the performance of an investment for at least a year before making changes	1	
D I will stick to a long-term investment plan even if I experience significant losses in the short term	4	
10 You invest \$100 000 for five years. Given these best and worst case scenarios, which would you choose?		
A Best case: \$130 000, worst case: \$120 000	0	
B Best case: \$160 000, worst case: \$90 000	2	
C Best case: \$200 000, worst case: \$70 000	3	
D Best case: \$250 000, worst case: \$50 000	4	
11 How do you feel if your recent investments perform below your expectations?		
A Very upset	0	
B Somewhat upset, but hope that it will improve in the future	1	
C Unhappy but willing to take it in my stride	2	
D Not concerned as I expect to invest for the medium to long term	4	
12 The expression that best describes your attitude to investing is:		
A I get a thrill from taking risks	4	
B I enjoy taking risks	3	
C I evaluate very carefully before taking risks	1	
D I prefer to stay away from risks	0	
Total:		

Plotting your scores to determine your risk profile

To find your risk category, add these scores:

Your total risk capacity score (part 1) _____

Your total risk attitude score (part 2) _____

Combined score _____

If you scored between:	Your risk profile category is	Description
1 – 28	<ul style="list-style-type: none"> Conservative 	A conservative investor seeks to preserve investment capital and is largely risk averse. This investor requires consistent and low variability in investment returns and may require regular income and access to capital within the first three years. A suitable return target for this profile may be CPI+1 to 2% over a rolling three-year period.
29 – 37	<ul style="list-style-type: none"> Moderately conservative 	A moderately conservative investor seeks to preserve investment capital while achieving stable capital growth. This investor requires consistent and low variability in investment returns and may require regular income and access to capital within three years. A suitable return target for this profile may be CPI + 2 to 3% over a rolling three-year period.
38 – 46	<ul style="list-style-type: none"> Moderate 	A moderate investor prefers capital growth over capital preservation. This investor is prepared to tolerate moderate fluctuations around investment returns, may require regular income and is prepared to invest for a minimum period of five years. A suitable return target for this profile may be CPI + 3 to 4% over a rolling five-year period.
47 – 56	<ul style="list-style-type: none"> Moderately aggressive 	A moderately aggressive investor seeks capital growth. This investor is prepared to tolerate fluctuations around investment returns that are similar to those seen in equity markets, may require a small degree of income, and is prepared to invest for a minimum period of seven years. A suitable return target for this profile may be CPI + 4 to 5% over a rolling seven-year period.
>56	<ul style="list-style-type: none"> Aggressive 	An aggressive investor seeks maximum capital growth. This investor is prepared to tolerate fluctuations of investment returns that are similar to those seen in equity markets, may require a small degree of income, and is prepared to invest for a minimum period of 10 years. A suitable return target for this profile may be CPI + 5 to 6% over a rolling 10-year period.

Risk profile category: _____



E: invest@rfgroup.com W: www.rfgroup.com