

Risk Profile Questionnaire

Different investors have different risk tolerances. Much of the difference stems from time horizon. That is, an investor with a short investment time horizon is less able to withstand losses. The remainder of the difference is attributable to the investor's appetite for risk. Volatility can be unsettling for many investors and they are more comfortable when they can avoid it. However, there is a definite relationship between risk and return. Investors need to recognize this risk/return trade-off. The following risk tolerance questionnaire has been designed to measure an investor's ability (time horizon) and willingness (risk tolerance) to accept uncertainties in their investment's performance. The total score suggests which of the five Risk Profiles may be most appropriate for the investor. Suitability is monitored by comparing the implemented strategy with the investor's selected Risk Profile over time.

On this questionnaire, "I," "you," or "your" may represent individuals, groups of individuals, or institutions.

RISK PROFILE EVALUATION FOR ADVISORY ACCOUNTS

Client Name (type or print) _____

This profile is applicable to Resource II, Advisor, and Total Strategy Accounts only and cannot include non-advisory accounts.

This questionnaire applies to the following advisory accounts which will be monitored as one relationship: _____

Assets to be placed in these account(s): \$ _____

This portfolio referenced on this risk profile represents what percent of my total investment assets:

- a. Less than 20%
- b. 21% to 50%
- c. 51% to 75%
- d. 76% to 100%

Please be aware that advisory assets must be monitored separately from assets held in any brokerage account as required by the Investment Advisers Act of 1940.

Instructions for Completion of Risk Profile Questionnaire

- Please answer all of the following questions selecting only one response for each question
- Determine your Time Horizon Score
- Determine your Risk Tolerance Score
- Select a Risk Profile in the Portfolio Customization Section
- Complete signatures section: account(s) owner, financial consultant and General Supervisor/Registered Principal must sign and date document

TIME HORIZON

1. When do you expect to begin withdrawing significant money from this portfolio?

- a. Less than 1 year (0)
- b. 1 to 2 years (1)
- c. 3 to 4 years (3)
- d. 5 to 7 years (7)
- e. 8 to 10 years (9)
- f. 11 years or more (11)

Score _____

Account Number _____	FC/IA Number _____	RIA Name/ Alt Branch _____
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2. Once you begin withdrawing money from this portfolio, how long do you expect the portfolio to last?

- a. I plan to take a lump sum distribution (0)
- b. 1 to 2 years (2)
- c. 3 to 4 years (4)
- d. 5 to 8 years (5)
- e. 9 to 10 years (6)
- f. 11 years or more (8)

Score _____

Total Time Horizon Score (Questions 1-2) _____

RISK TOLERANCE

3. Inflation, the rise in prices over time, can erode investment return. Long-term investors should be aware that, if portfolio returns are less than the inflation rate, the ability to purchase goods and services in the future might actually decline. In order to maintain buying power, investment returns must keep pace with inflation. Generally, higher returns can only be achieved by accepting greater volatility.

Which of the following portfolios is most consistent with your investment philosophy?

- a. **Portfolio 1** will most likely exceed long-term inflation by a significant margin and has a high degree of volatility. (12)
- b. **Portfolio 2** will most likely exceed long-term inflation by a moderate margin and has a moderate to high degree of volatility. (8)
- c. **Portfolio 3** will most likely exceed long-term inflation by a small margin and has a small to moderate degree of volatility. (4)
- d. **Portfolio 4** will most likely match inflation and has low degree of risk volatility. (0)

Score _____

4. Portfolios with the highest average returns also tend to have the highest chance of short-term losses. The table below provides the average dollar return of five hypothetical investments of \$100,000 and the possibility of lower value (ending value of less than \$100,000) or higher value (ending value of more than \$100,000) over a one-year holding period. Please select the portfolio with which you are most comfortable.

	Possible Average Value at the End of One Year	Probability of Higher Value at the End of One Year	Probability of Lower Value at the End of One Year
<input type="radio"/> a. Portfolio A	\$106,400	85%	15% (0)
<input type="radio"/> b. Portfolio B	\$107,700	82%	18% (3)
<input type="radio"/> c. Portfolio C	\$108,800	78%	22% (6)
<input type="radio"/> d. Portfolio D	\$109,700	74%	26% (9)
<input type="radio"/> e. Portfolio E	\$110,400	72%	28% (12)

Score _____

5. Investing involves a trade-off between risk and return. Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than investors in more conservative investments have. Considering the above, which statement best describes your investment goals?

- a. **Protect the value of this portfolio.** In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments. (0)
- b. **Keep risk to a minimum** while trying to achieve slightly higher returns than the returns provided by investments that are more conservative. (4)
- c. **Balance** moderate levels of risk with moderate levels of returns. (8)
- d. **Maximize long-term investment returns.** I am willing to accept large and sometimes dramatic short-term fluctuations in the value of this portfolio. (12)

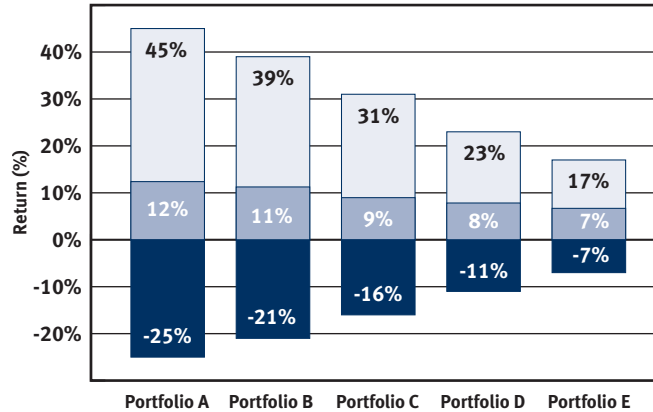
Score _____

Account Number _____	FC/IA Number _____	RIA Name/Alt Branch _____
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6. Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries. Suppose you owned a well-diversified portfolio that fell by 20% (i.e. \$1,000 initial investment would now be worth \$800) over a short period, consistent with the overall market. Assuming you still have 10 years until you begin withdrawals, how would you react?
- a. I would **not** change this portfolio or I would invest more in this portfolio. (12)
 - b. I would **wait at least one year** before changing to a more conservative portfolio. (8)
 - c. I would **wait at least three months** before changing to a more conservative portfolio. (4)
 - d. I would **immediately** change to a more conservative portfolio. (0)

Score _____

7. The following graph shows the hypothetical results of five sample portfolios over a one-year holding period. The best potential gains, expected potential, and worst potential losses are presented. Note that the portfolio with the best potential gain also has the largest potential loss.



Which of these portfolios would you prefer to hold?

- a. Portfolio A (12)
- b. Portfolio B (9)
- c. Portfolio C (6)
- d. Portfolio D (3)
- e. Portfolio E (0)

Score _____

Total Risk Tolerance Score (Questions 3-7) _____

Account Number _____	FC/IA Number _____	RIA Name/Alt Branch _____
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OTHER IMPORTANT ACCOUNT INFORMATION

Are there any Account Restrictions that you wish to impose on the management of this account?

- No
- Yes (If yes, please complete and sign the Account Restrictions form)

SIGNATURES ALL CLIENTS MUST COMPLETE

The answers on this questionnaire accurately reflect my time horizon and risk tolerance.

Client Name	Signature	Date	Sign Here
Client Name	Signature	Date	
Investment Professional Name	Signature	Date	
General Supervisor/Registered Principal Name	Signature	Date	

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General Supervisor/Registered Principal Name	Signature	Date

The information provided is used as a general guide to help you assess your current risk profile and is not intended to be construed as a representation by us as an offer to sell or a solicitation of an offer to buy any products or services.

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