Advisor Core

Understanding your investment goals, the timeline for achieving those goals, and your risk tolerance is crucial in determining your ideal investment portfolio. It's equally important to understand how you might respond to market volatility, as your reactions to these fluctuations often have a more significant impact on long-term investment success than the fluctuations themselves. The following questions aim to gauge your comfort level with risk.

This questionnaire will evaluate:

• Your **Risk Capacity**. Risk capacity is your ability to endure financial losses, and depends on your financial timeline. How soon do you need to start spending your retirement funds, and how long do you need that money to last?

• Your **Risk Aversion**. Risk aversion refers to your psychological willingness to take on risk in your investment portfolio.

Your risk capacity and risk aversion levels are determined by your questionnaire responses to gain an accurate understanding of your risk tolerance that will help you achieve your long-term financial objectives.

RISK TOLERANCE QUESTIONS

1.What is your primary financial goal?								
A. Build a rainy day fund for emergencies	B. Generate income to pay expenses or debt	C. Save for major upcoming expenses (e.g. College)	D. Prepare for retirement	E. Build long term wealth				

2. When it comes to investing, I would describe myself as:								
A. B. C. D.								
Very	Somewhat	Somewhat	Very					
Inexperienced	Inexperienced	Experienced	Experienced					



RISK TOLERANCE QUESTIONS

3. I plan to begin withdrawing money from my investments in:							
A. 1 year or less	B. 1-2 years	C. 3-5 years	D. 6-10 years	E. 11 years or more			

4. Once I begin withdrawing funds from my investments, I need the money to last:

Α.	В.	С.	D.	E.
1 year or less	1-2 years	3-5 years	6-10 years	11 years or more

5. When you hear "risk" related to your finances, what is the first thought that comes to mind?							
Α.	В.	С.	D.				
I worry I could	l understand	l see	I think of the				
be left with	that it's an	opportunity	thrill of				
nothing	inherent part of the investing process	for great returns	investing				

6. How do you rate your willingness to take financial risk?

A. Take very	B. Take lower	C. Take	D. Take above	E. Take high
little risk with	than average	average risks	average risks	risks with a
the goal to	risks expecting	expecting to	expecting to	goal to
minimize the	to earn lower	earn average	earn about	maximize
chance of loss.	than average	returns.	average	portfolio
	returns.		returns.	value.



RISK TOLERANCE QUESTIONS

7. From September 2008 through November 2008, stocks lost over 30%. If I owned a stock portfolio that lost about 30% in three months, I would:

Α.	В.	С.	D.
Sell all of the	Sell a portion	Make no	Purchase
remaining	of the	changes to the	more shares
investment	remaining	investment	of the
	investment		investment

8. Suppose you had \$100,000 to invest, and the choice of 5 different portfolios with a range of possible outcomes after one year. Which of the following portfolios would you feel most comfortable investing in?

Portfolio	Low Year-end Balance (\$)	High Year-end Balance (\$)		
A	95,000	109,000		
В	90,000	116,000		
С	85,000	123,000		
D	80,000	130,000		
E	75,000	137,000		



RISK AVERSION SCORING

Question	А	В	С	D	E
1	0	0	3	7	10
2	0	2	4	6	
3	1	3	6	11	18
4	0	3	6	9	12
5	0	2	4	6	
6	0	3	6	9	13
7	0	5	10	15	
8	0	5	10	15	20

Question В С Е А D 1 2 3 1 3 6 11 18 4 0 3 6 9 12 5 6 7 8

OVERALL RISK TOLERANCE SCORE

Your overall Risk Tolerance Score is a function of both your Risk Aversion and Your Risk Capacity and is determined using the following table:

	Risk Ave	Risk Aversion Score								
Risk Capacity Score	10	20	30	40	50	60	70	80	90	100
0-5	6	12	18	24	30	36	42	48	54	60
6-8	7	14	21	28	35	42	49	56	63	70
9-13	8	16	24	32	40	48	56	64	72	80
14-17	9	18	27	36	45	54	63	72	81	90
18+	10	20	30	40	50	60	70	80	90	100
Conservative		Moder Consei	-	Mode	erate		erately essive	A	ggressi	ve

RISK CAPACITY SCORING