

RISK TOLERANCE QUESTIONNAIRE

CLIENT NAME: _____

PART I:

Please read each description carefully and select a description that comes closest to describing you.

Ultraconservative Investor Profile (5)

This investor is either financially or psychologically unable to assume the risks associated with stocks or long-term bonds and is therefore willing to accept rates of return that may not keep pace with inflation. In order to limit portfolio volatility and preserve capital, this investor normally places the bulk of his or her liquid assets in short-term instruments like money-market funds, but may be willing to take on some exposure with intermediate-maturity, high-grade bonds.

Conservative Investor Profile (4)

This investor seeks to achieve portfolio returns higher than returns available in money market funds, intermediate Treasury Notes, and similar limited-risk investments. At the same time this person, for either financial or psychological reasons, remains somewhat nervous about investing. In an effort to reduce the risk of capital loss yet pursue higher returns than are customarily available from money-market funds, this investor typically builds a well-diversified portfolio which consists primarily of high-grade fixed-income securities, both short and intermediate-term, but which also includes large U.S. and foreign stocks. For long-term investors, such a portfolio should limit the likelihood of capital loss while targeting returns that will exceed the rate of inflation.

Moderate-Risk Investor Profile (3)

This investor seeks long-term growth of capital but also strives to keep portfolio volatility reasonably under control through broad diversification. Specifically, this investor will normally blend large U.S. stocks, small U.S. stocks, foreign stocks, and bonds in one portfolio. Over time, such a portfolio may produce a return similar to that of the broad U.S. stock market, with a slightly lower level of volatility. This investor understands that in any given year, investment returns may be negative as well as believes the portfolio offers reasonable potential for long-term capital appreciation and protection from inflation.

Higher-Risk Investor Profile (2)

This individual seeks above average long-term growth of capital by concentrating his or her investments in stocks (foreign, domestic, large, and small). This investor understands and accepts that such a portfolio will often be quite volatile and carries with it the risk of capital losses. Understanding however, that over a period of years, a portfolio of this type may generate meaningful returns and provide a cushion against inflation. This individual intends to maintain his or her discipline in the face of stock market setbacks. This individual normally has substantial experience as an investor and continually strives to learn more about the investing process.

(more on next page)

Aggressive Investor Profile (1)

This individual is willing to accept extremely high portfolio volatility and face an extremely high risk of loss in order to pursue exceptional long-term rates of return. This person, both psychologically and financially, is able to maintain investment discipline in the face of possible severe setbacks. Such an investor will typically concentrate his or her assets in developing companies (including untested, start-up firms that may experience significant failure rates), developing markets and developing countries, while believing that over time highest investment returns will come to those who take the highest risks. Few investors at any level of experience will be comfortable with this approach and even then, only for a portion of their total wealth.

PART II:

Questions 1-8: Please indicate from a scale of 1 – 5 whether you agree or disagree with the statement.

1) I am willing to accept greater risk in order to achieve greater returns.

Strongly Agree 1 2 3 4 5 Strongly Disagree

2) I am willing to accept some risk in effort to stay ahead of inflation and protect the future purchasing power of my investments.

Strongly Agree 1 2 3 4 5 Strongly Disagree

3) I avoid investments that are unpredictable or risky.

Strongly Agree 5 4 3 2 1 Strongly Disagree

4) I prefer investments that deliver performance and growth to investments with low risk.

Strongly Agree 1 2 3 4 5 Strongly Disagree

5) I spend substantial time each week studying the financial markets and assessing my investment portfolio.

Strongly Agree 1 2 3 4 5 Strongly Disagree

6) I have several years of experience investing in either stocks or mutual funds that invest primarily in stocks.

Strongly Agree 1 2 3 4 5 Strongly Disagree

7) I am highly confident that over time investors who accept the risks associated with stocks will achieve above-average returns.

Strongly Agree 1 2 3 4 5 Strongly Disagree

8) I believe that hiring professional money managers either through mutual funds or directly will help me make better investment decisions.

Strongly Agree 5 4 3 2 1 Strongly Disagree

Questions 9 -14: Please select the answer from the following multiple-choice questions that best relates to your tolerance for volatility.

9) Which of the following best describes your reaction to declines in the investment markets?

- a. Any decline in the market makes me sick to my stomach. (5)
- b. A decline in the market concerns me, but I realize that the market has a history of temporary declines. (4)
- c. A decline in the market does not make me uncomfortable since I am in it for the long haul. (3)
- d. A decline in the market excites me; I see an opportunity to take advantage of a temporary situation. (2)

10) In my overall portfolio, I can tolerate temporary negative returns of ____ .

- a. 10% (5)
- b. 15% (4)
- c. 20% (3)
- d. 25% (2)
- e. 30% (1)

11) What describes you best?

- a. I am a long- term investor focused on growing my assets. (1)
- b. I am focused on preserving current wealth and have little tolerance for losses. (2)
- c. I want to plan long term but have a hard time shrugging off moderate and severe losses. (3)
- d. I need stable cash flows to meet my living expenses. (4)
- e. I am focused on preserving capital; I do not mind if this approach sacrifices potential return. (5)

12) How would you like your portfolio to be managed?

- a. Conservatively – take very little risk to obtain more stable returns. (5)
- b. Moderately – take minimal risk to obtain average returns. (3)
- c. Aggressively – expect to obtain maximum returns while taking maximum risk. (1)

13) How comfortable are you with investing in financial markets outside the United States?

- a. Not very comfortable. The risk of foreign investments (currency fluctuation, political risk, and social instability) makes me uncomfortable. (5)
- b. Very comfortable. I understand the risks of international investments but also see the opportunities for greater diversification. (1)
- c. Somewhat comfortable. I recognize the potential and would consider a portion in my portfolio in the following percentage: (3)

5% 10% 15% 20% >20%

14) How optimistic are you about the long-term prospects for the economy?

- a. Pessimistic (5)
- b. Undecided (4)
- c. Somewhat optimistic (3)
- d. Very optimistic (2)

Score	
<i>Conservative</i>	<i>57-75 points</i>
<i>Moderate</i>	<i>37-56 points</i>
<i>Aggressive</i>	<i>17- 36 points</i>

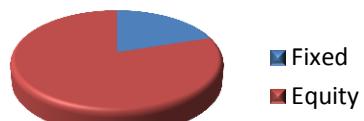
PART III:

The following graphs listed below are five hypothetical portfolio allocations of Equity and Fixed Income Investments. Please initial next to the one allocation percentage that you are most comfortable investing with.

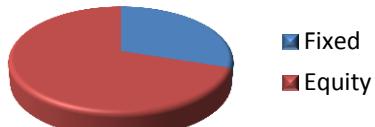
a. 100% Equity



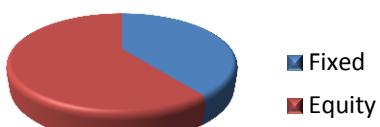
b. 80% Equity / 20% Fixed Income



c. 70% Equity / 30% Fixed Income



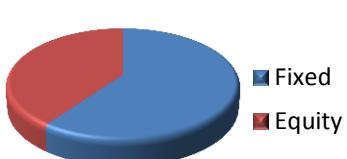
d. 60% Equity / 40% Fixed Income



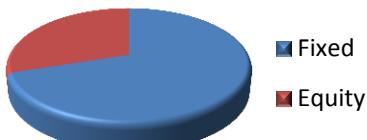
e. 50% Equity / 50% Fixed Income



f. 40% Equity / 60% Fixed Income



g. 30% Equity / 70% Fixed Income



h. 20% Equity / 80% Fixed Income



i. 100% Fixed Income

