

KEYSTONE

A D V I C E G R O U P

Your attitude to risk

Risk profile questionnaire

What is your attitude to risk?

Your attitude to risk is a critical factor to consider before investing. To achieve higher returns, you have to be prepared to accept a higher risk of capital loss. This is because the funds and assets that offer high returns are generally more volatile than those producing lower returns. It's what we call the 'risk/return trade-off'.

We will recommend investment strategies to match your attitude to risk.

Your risk profile

Investing across the various investment sectors according to your risk profile is called diversification. For example, instead of investing only in property, or only in shares, you might invest a proportion in both, or even include cash or fixed interest to create a balanced portfolio.

To determine the most appropriate mix of assets for you to invest in, we will need to ask you more about your investment goals and the time-frame in which you want to achieve them. By answering the questions over the page, we will have a good idea about your attitude to risk and what investment mix will best suit your needs.

Completing the questionnaire

People who hold assets jointly often have differing views regarding the level of risk they are prepared to accept. If you have different views to your partner, please complete a separate questionnaire. If you share the same view of risk as your partner, please write both your names in the box below.

If you are completing this questionnaire in your capacity as trustee of a trust, please consider how the beneficiaries' needs may be different from your own and sign as trustee of the trust.

When you've completed this questionnaire, please discuss your answers with us.

Date completed:

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

First name

Last name

Postal address

Suburb

Town/City

Postcode

Home

Mobile

Email address

Client signature:

Client signature:

Disclosure statements are available from your www.keystoneadvice.co.nz on request and free of charge.

Your risk profile

Step 1- The length of an investment time horizon can change the types of investments you may decide to hold. Is your investment time frame less than three years (e.g. need money towards a deposit to purchase a house in the next 24 months)?

If YES - There is no need to complete the risk profiling questionnaire. You should seek cash type investment solutions.

If NO - Go to Step 2.

Step 2- Complete the risk profiling questionnaire by providing answers to questions 1 to 10 below.

Question	Question Score	Enter Your Score (1 – 4)	Question	Question Score	Enter Your Score (1 – 4)
Question 1 Which of the following best describes your own experience level as an investor?		<input type="text"/>	Question 8 In order to earn a return above the level of bank interest rates you may need to hold investments that go up and down in value (i.e. have volatility). How important is it to you to protect your investment and minimise the prospect of any fall in the value?		<input type="text"/>
A. I have had virtually no experience in investing money apart from using bank accounts	1		A. Very important. Protecting my existing investment is my main objective	1	
B. I have had limited experience in investing	2		B. Important, but I'm comfortable for at least a small part of my portfolio to have volatility in order to improve returns over the longer term	2	
C. I have had a reasonable level of investment experience	3		C. Somewhat important but I'm prepared to take on a reasonable amount of volatility in order to increase my chance of higher returns over the longer term	3	
D. I would consider myself an experienced investor	4		D. Not particularly important as I'm comfortable that having exposure to volatility is the best way to maximise returns over the longer term	4	
Question 2 Which of the following best describes your level of knowledge and understanding of financial markets and investing?		<input type="text"/>	Question 9 If you owned a large amount of shares and the share market fell quickly by 20%, what do you believe your natural reaction would be?		<input type="text"/>
A. Solid	4		A. To sell all the shares as soon as possible to avoid any further falls	1	
B. Reasonable	3		B. To sell some of the shares to reduce exposure to future falls	2	
C. Limited	2		C. To hold the shares and wait for a recovery	3	
D. Low	1		D. To look for ways to buy more shares	4	
Question 3 Thinking about the risk you have taken with your past investment choices, how would you describe the level of risk?		<input type="text"/>	Question 10 Investments that go up and down in value in the short-term (i.e. have volatility) are more likely to produce higher returns than investments that remain steady. Are you prepared to experience volatility in your investments in order to increase the chance of higher returns?		<input type="text"/>
A. High	4		A. Yes, definitely	4	
B. Moderate	3		B. Yes, for a significant part of my investment portfolio	3	
C. Low	1		C. Yes, but only for some of my investment portfolio	2	
D. Not applicable as my past experience is limited	1		D. No, not at all	1	
Question 4 In the context of investing, what best describes your attitude to risk?		<input type="text"/>	Total score <input type="text"/>		
A. It is something to be avoided	1				
B. It is a source of uncertainty and needs to be limited	2				
C. It can create the opportunity for improved returns	3				
D. It is something to be embraced	4				
Question 5 If asked to make your own investment decisions how would you feel?		<input type="text"/>			
A. Not confident at all	1				
B. Somewhat hesitant	2				
C. Reasonably confident	3				
D. Very comfortable	4				
Question 6 If you held a sizable investment that regularly went up and down in value, which would you be likely to do?		<input type="text"/>			
A. Watch its progress daily or weekly as I'm likely to be anxious about investment performance	1				
B. Watch its progress monthly out of concern over investment performance	2				
C. Watch its progress regularly, not out of concern, but just for general interest	3				
D. Only check its progress once or twice a year	4				
Question 7 How would you feel if a large percentage of your investment portfolio was invested in the share market?		<input type="text"/>			
A. Very comfortable	4				
B. Reasonably comfortable	3				
C. A little hesitant but willing to consider it	2				
D. Not comfortable	1				

Step 3- Use the table below to find your suggested risk profile based on your Total score

Risk Profile	Score Range
0% in Growth Assets	Less than 11
25% in Growth Assets	11 to 17
40% in Growth Assets	18 to 26
60% in Growth Assets	27 to 32
80% in Growth Assets	33 to 36
90% in Growth Assets	37 to 40

This tool helps you determine your risk profile and choose the investment option that best suits your risk profile. It should be treated as a guide only - not a personal investment or financial plan. We accept no responsibility for the fund you choose. Engage **Keystone Advice Group** to get professional personalised advice. For more information contact **Keystone Advice Group** on 09 950 3550 or 07 888 8680 or www.keystoneadvice.co.nz.