

Robust Questionnaire

Risk Tolerance



Risk Tolerance Robust Questionnaire

Investment Goals

My primary investment goal is to:

(select the most appropriate)

- a. to maximize income to meet my current lifestyle needs.
- b. to establish a strategy which balances the need for current income with the desire to have invested capital keep pace with inflation
- c. to establish a strategy which promotes balance between the desire for capital appreciation and the need to limit the downside risk in your portfolio
- d. to establish a strategy which emphasizes capital appreciation while maintaining an eye toward managing the downside risk in your portfolio
- e. capital appreciation and I am much less concerned about the short-term volatility which can accompany this type of strategy.
- a. to maximize the growth of my invested capital and I have little concern for the potential short-term volatility which can accompany this type of strategy.

What is important to you about your money? _____

What is your top financial planning concern? _____

In your opinion, are your assets adequately diversified? Y N

Please give an example of an investment you would consider to have "reasonable risk" _____

Do you have an investment strategy? Y N

Do you have any charitable intent? Y N

Identify two *good* investments you have made in the last five years: _____

Identify two *poor* investments you have made in the last five years: _____

What percentage of your investment decisions is based on the advice from others? _____ %

Do you ever lie awake at night thinking about your investments? Y N

Estate Planning

Do you have a will currently in force? Y N

Do you have a Living Trust? Y N

Tell me about your current investment advisor relationship and what you like or dislike about that relationship: _____

Do you feel your life insurance policies are cost effective? Y N

If you hold any annuities, do you feel these policies are providing you with maximum flexibility as far as management choices and performance? Y N

Do you feel your annuities are providing you with the most benefits for you and your family? Y N

Do you feel your annuities are working in the most cost-effective manner? Y N



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1. Which of the following best describes your primary financial goal for this investment?

- A. My goal is preserving the real (inflation protected) value of my investment; I am not concerned with outperforming the market.
- B. My goal is generating current income; I am not concerned with growing the value of my investments.
- C. My goal is a combination of generating current income and growing the value of my investment.
- D. My goal is growing the value of my investment, and I am willing to tolerate losses in some years.

2. What is the time horizon for your investment?

- A. 0 - 5 years; these investments need to remain very liquid.
- B. 6 - 10 years; I can only tolerate a small amount of volatility.
- C. over 10 years; I can tolerate a moderate amount of volatility.

3. The assets considered for investment are what percentage of your total investable assets?

- A. more than 75%
- B. 50% - 75%
- C. 25% - 50%
- D. Less than 25%

4. Please choose the phrase that best describes the degree to which you will rely on these assets?

- A. These investments are critical to my current and future financial well-being; I have few other assets or sources of current and future income.
- B. While these assets are a significant portion of my wealth; I have other assets and additional sources of current and future income.
- C. While these investments are an important portion of my wealth; I have considerable additional assets and other significant sources of current and future income.
- D. This investment is fairly small in relation to my overall wealth and my other sources of current and future income.

5. How likely is it you will need to withdraw a significant portion of these assets prior to your planned time horizon to pay for a home, education or some other purpose?

- A. I will definitely be withdrawing from these assets.
- B. There is a strong chance.
- C. It is possible, but not likely.
- D. There is little to no chance.

6. Do you expect to need income from these assets and if so, when?

- A. Immediately.
- B. Within 5 years.
- C. Within 5-10 years.
- D. More than 10 years from now.
- E. Will not need income from these assets.



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7. Assume your investment time horizon is more than 10 years. During the second year of investment, your portfolio declines to less than its initial value. Where would you place your reaction along the following scale?

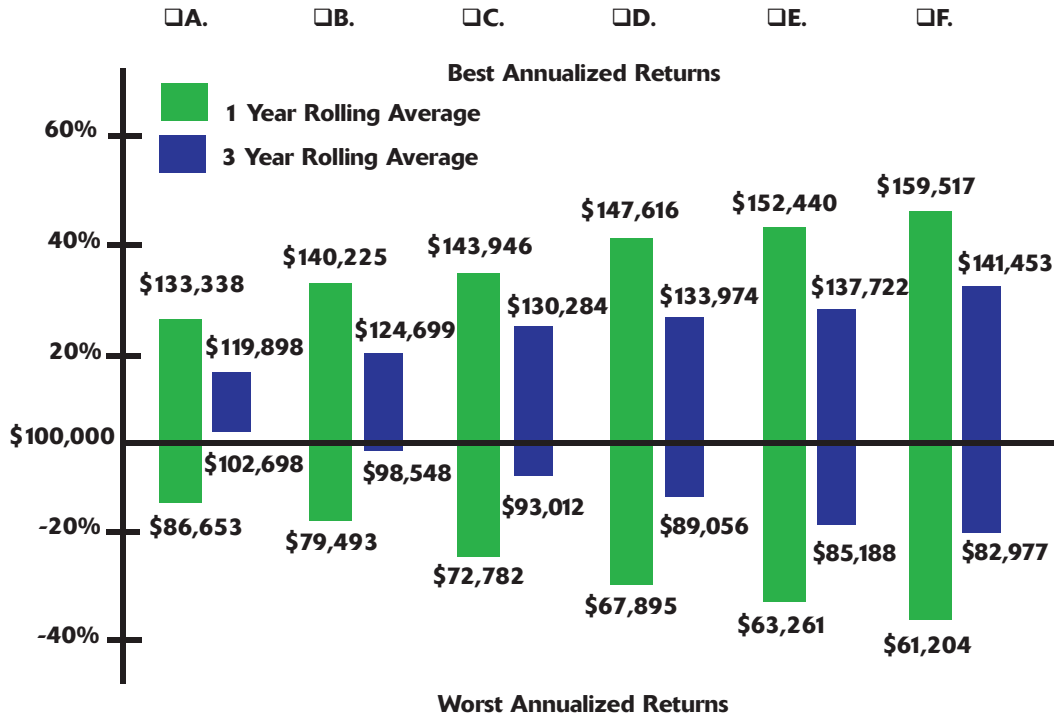
- A. B. C. D. E.

I never want to see the value of my investments decline.

I would be disappointed by this kind of loss, but I need a balanced, diversified portfolio to reach my long-term goals.

I don't pay attention to short-term fluctuations in market value because I am investing for growth and I will not need my money until the end of my investment time horizon.

8. Illustrated below is the range of annualized returns from best to worst for both 1-year and 3-year periods, from January 1973 through December 2003, for six hypothetical portfolios in which \$100,000 was invested. Considering the range of returns and the downside risk associated with each portfolio, which portfolio do you feel would be the most appropriate for you?



** The returns are rolling 12 month and 36 month averages from January 1973 through December 31, 2003 for six hypothetical multi-asset class portfolios along the risk-return spectrum ranging from conservative to aggressive. These returns do not reflect the performance of actual accounts or any particular investment, and are presented for illustrative purposes only. Assumes reinvestment of dividends with no consequence of fees or taxes. Past performance is not indicative of future results.

9. If you made a long-term investment of \$100,000, how much of a loss in a single year would you withstand before selling?

- A. 5% or \$5,000 on a \$100,000 investment.
 B. 10% or \$10,000 on a \$100,000.
 C. 20% or \$20,000 on a \$100,000 investment.
 D. I would not sell my investments based on a single year loss.

10. Suppose that, over a two to three year period, your portfolio has lost value. What action would you take?

- A. Move my investments to a more conservative portfolio to avoid losing more money.
 B. Transfer my investments to another investment manager of similar strategy that I believe is more skilled.
 C. Maintain my present disciplined, long-term strategy.
 D. Develop a more aggressive strategy to cover my losses.



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Scoring Key for Portfolio Determination

Please count how many questions you answered with each corresponding letter and total each in the blanks below. Then multiply by either 1-5 as shown below and calculate your score. Once you have your score, look in the right hand column for the portfolio that meets your investment objectives. Please also see the attached chart for more details on the Model Portfolios.

Score Chart

A _____ *1 = _____

B _____ *2 = _____

C _____ *3 = _____

D _____ *4 = _____

E _____ *5 = _____

F _____ *5 = _____

Total _____

Model Portfolios

15 or less – Conservative Income

16-20 – Moderate Income

21-25 – Growth and Income

26-30 – Conservative Growth

31-35 – Moderate Growth

36 or more – Aggressive Growth

Goals to Improve Your Investment Experience:

- I would like to have a clearer understanding of my risk and return profile.
- I would like to have a greater degree of confidence that my investment strategy is properly aligned with my risk/return.
- I would like to more closely align my overall investment strategy to determine its appropriateness in meeting my long-term goals and objectives.
- I would like to analyze my current investment strategy to determine its appropriateness in meeting my long-term goals and objectives.
- I am concerned about the current level of risk and volatility in my portfolio.
- I am concerned about the overall relative performance of my investment strategy.
- I would like to pursue greater tax efficiency in my investment strategy.
- I would like to bring a higher level of capability to asset allocation and portfolio strategy decision making.
- I would like to pursue a more active or tactical approach to portfolio strategy and asset allocation.
- I am concerned that I do not have proper diversification in my portfolio.
- I am concerned that one or more of the mutual funds in my portfolio is under performing.
- I am concerned that one or more of the investment managers in your variable annuity is under performing.
- I am concerned that one or more of the private account managers in my portfolio is under performing.
- I would like to have the investment managers in my portfolio more closely monitored.
- I would like to have a better understanding of the overall progress of my portfolio in meeting my goals and objectives.
- I would like to better understand my monthly brokerage statements and other investor communications.
- I would like to improve the ongoing communication between me and my advisor.
- I no longer wish to work with a broker or advisor on a transaction basis. I would prefer that investment management services be provided on a fee basis to promote unbiased, objective decision making.