
Risk Assessment Questionnaire

This risk assessment questionnaire helps your adviser decide on the best mix of investments for you.

Your name

1. What is your main investment goal?

Quick tip (Think about what you are saving for. Do you expect your savings to grow for a future payout, for example, retirement, a child's education, or to increase your money or leave an inheritance? Or will you use these savings to add to your income immediately?)

A. Income

B. Growth

Please include any details about your investment goals you may want to state to your adviser:

How losing money would affect you:

2. What impact would it have on your standard of living if you were to lose money on this investment?

Quick tip (Losing money here refers to the value of your investment portfolio falling below the amount you originally invested because of a drop in the market. For example, if you gave your adviser R50,000 to invest and later the value of your investments fell to R47,500.)

A. It wouldn't have an impact on my standard of living and I wouldn't need to use any additional resources (for example, savings) as a result.

B. I have other resources I could fall back on.

C. It would have an impact on my immediate standard of living.

Time frame

3. When do you want to start spending the money you will save in this account?

- A. Immediately or within the next three years
- B. Within three to four years
- C. Within five to six years
- D. Within seven to 10 years
- E. Not within the next 10 years

4. Once you start spending your money, how long do you expect to continue to withdraw funds from your investment portfolio?

Quick tip (Do you want to spend all your money at once, for example to buy a house? Or do you plan to make the money last over a longer period, for example by paying yourself a yearly income once you retire?)

- A. I plan to withdraw all of my money at once.
- B. I will make withdrawals over two to five years.
- C. I will make withdrawals over six to 10 years.
- D. I will make withdrawals over 10 years or more.
- E. I don't intend to withdraw the money.

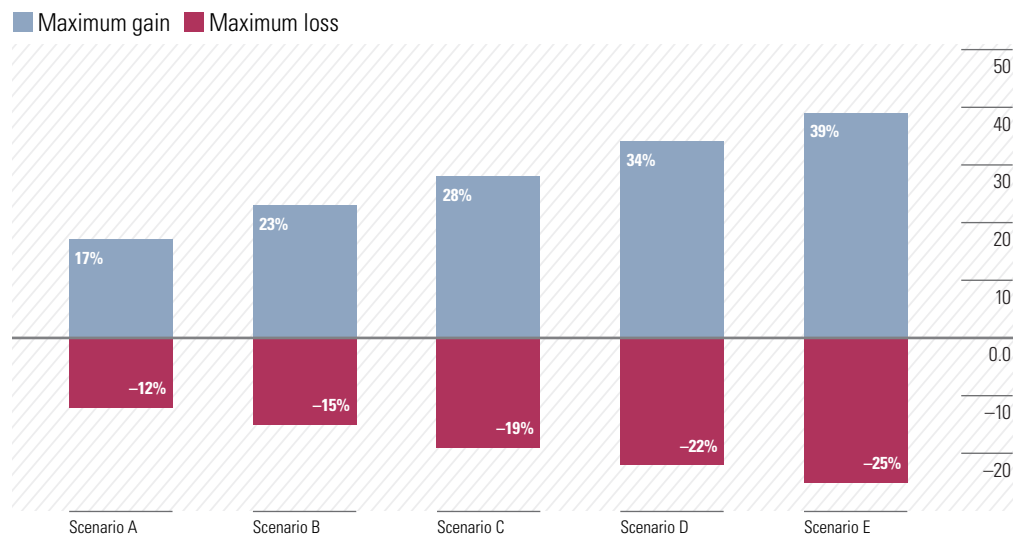
5. Once you start to spend the money in your investment portfolio, how much do you plan to withdraw?

Quick tip (If your investments are worth R100,000 and you want to withdraw a yearly income of 4%, you will need to take out R4,000 each year.)

- A. I do not intend to take withdrawals.
- B. I plan to withdraw between 0% and 4% of the value of my investments each year.
- C. I plan to withdraw between 4% and 8% of the value of my investments each year.
- D. I plan to withdraw more than half of the value of my investments within three to 10 years.
- E. I plan to withdraw all of my investments at once.

Your attitude to risk

6. Some investments offer the opportunity for a greater gain but with the risk of a greater potential loss. Look at the five scenarios represented in the chart below. Which one would you put your money in?



7. Imagine you have invested R100,000. Which of the five scenarios below would you want for your investment portfolio?

	Best-case increase (R)	Most likely result (R)	Worst-case losses (R)
Scenario 1	17,000	4,500	-12,000
Scenario 2	23,000	6,000	-15,000
Scenario 3	28,000	7,000	-19,000
Scenario 4	34,000	8,000	-22,000
Scenario 5	39,000	9,000	-25,000

8. Investing involves a trade-off between risk and returns. In the past, investments with higher returns have been associated with greater risk and chance of loss. Whereas cautious investments that have had a lower chance of loss also have achieved lower returns. Which of the following statements best describes your attitude to risk?

- A. I am most concerned with risk. I am willing to accept lower returns in order to limit the risk of loss.
- B. I am willing to accept some risk and chance of loss in an effort to achieve modest but somewhat higher returns.
- C. I am willing to accept moderate risk in order to achieve higher returns. Reducing risk and increasing returns are equally important to me.
- D. I want to achieve strong returns on my investments. I am willing to accept somewhat higher risk and chance of loss.
- E. I am mainly concerned with getting the highest possible returns on my investments. I am willing to accept significant rises and falls in the value of my investments and a significant chance of loss.

9. Imagine your adviser has invested R100,000 of your money and it's fallen in value to R80,000. Assuming that this happens at an early stage of your intended investment period, how would you react to this R20,000 loss?

- A. I would not change my investment plan.
- B. I would wait at least one year before changing to investment options that are more stable.
- C. I would wait at least six months before changing to investment options that are more stable.
- D. I would immediately change to investment options that are more stable.

10. The value of investments varies from year to year. Suppose you invested R100,000. How much money would you need to lose before you wanted to move your money into a more stable investment?

- A. R5,000 or less
- B. R10,000
- C. R5,000
- D. R20,000
- E. It is unlikely I will move my money even if my investment falls in value.

11. How does your concern about losing money manifest itself in relation to your investment?

- A. I would sell my investments.
- B. I would be worried but not uncomfortable enough to sell my investments immediately. If my investments suffered losses over several months, I would probably sell.
- C. I would wait a full year before making changes to my investments—short-term losses in the value of my investments do not bother me.
- D. I would not make changes—I understand that investments can have occasional negative yearly returns. However, I have a higher chance of reaching my investment goals if I stick with my investment over the long term.

12. Which of the following best describes your view on investing?

- A. My investments don't have to grow, I just want my money to be safe.
- B. I can accept lower growth for greater certainty.
- C. I am more concerned about the possible losses than the possible gains.
- D. I can accept possible losses for long-term investment growth.
- E. To achieve high levels of growth, it is necessary to take risk.

Risk Scoring:

To calculate the risk score of the investor their investment Attitude to Risk and Time Frame scores will need to be factored together.

Questions 1 & 2 are not scored. These are intended to allow advisers to record this information within a single document and place the results in context. Furthermore, if the response to Question 2 indicates that the investor cannot tolerate a fall in the value of their money and therefore has no capacity for loss, the RTQ result will be that there is no suitable investment solution.

The table below provides the scoring for each answer

Time Frame Score:

Question	A	B	C	D	E	Score
3	0	6	10	15	20	
4	0	2	5	7	10	
5	10	7	5	2	0	

Total**Attitude to Risk Score:**

Question	A	B	C	D	E	Score
6	0	4	7	10	14	
7	0	4	7	10	14	
8	0	4	7	10	14	
9	15	10	5	0	—	
10	0	4	7	10	14	
11	0	5	10	15	—	
12	0	4	7	10	14	

Total

An investor with a time horizon score of less than 2 years may not be able to bear the risk associated with any of the investment options. The adviser may recommend a zero risk investment to the investor.

Recommending an Asset Allocation:

The summary scoring grid below facilitates the adviser's final portfolio recommendation process by combining the time horizon and risk aversion scores. To use the scoring grid, find the time horizon score on the horizontal axis and the risk aversion score on the vertical axis. The intersection of these two points is the resulting portfolio.

Attitude to Risk Score	Time Frame Scores			
	0 to 5	6 to 9	10 to 14	15 to 40
0 to 15	Not Suitable	Cautious	Cautious	Cautious
16 to 35	Not Suitable	Cautious	Moderately Cautious	Moderately Cautious
36 to 55	Not Suitable	Cautious	Moderate	Moderate
56 to 85	Not Suitable	Cautious	Moderate	Moderately Agressive
86 to 100	Not Suitable	Cautious	Moderate	Agressive

Client Signature

Name

Date

Signature

Date



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