Risk Level Assessment

Name: ___________________________

Date: ___________________________

Please check the guideline, which you feel best reflects your investment objectives and risk profile.

□ AGGRESSIVE GROWTH

Equity and cash portfolio, emphasis on maximizing long-term returns at the expense of a high degree of volatility in annual returns.

□ MODERATE GROWTH

Equity, fixed income and cash portfolio, emphasizing future appreciation and income growth vs. current income. Yearly principal stability is not important. Long timeframe.

□ BALANCED GROWTH

Equity, fixed income and cash mix with equal value given to current income and future appreciation.

□ CONSERVATIVE GROWTH

Equity, fixed income and cash mix with emphasis on fixed income. High and stable income is primary emphasis, future growth is secondary.

□ VERY CONSERVATIVE GROWTH

Primarily fixed income and cash, emphasizing current income and safety of principal. Future growth is of minor concern.

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1. An investment loses 15% of its value in a market correction a month after you buy it. Assuming none of the fundamentals have changed, do you:

   - □ a. Sit tight and wait for it to go back up?
   - □ b. Sell it and rid yourself of further sleepless nights if it continues to decline?
   - □ c. Buy more - if it looked good at the original price, it looks even better now?

2. A month after you purchase it, the value of your investment suddenly skyrockets by 40%. Assuming you can't find any further information, what do you do?

   - □ a. Sell it.
   - □ b. Hold it on the expectation of further gain.
   - □ c. Buy more - it will probably go higher.

3. Which would you rather have done?

   - □ a. Invested in an aggressive-growth fund that appreciated very little in six months.
   - □ b. Invested in a money market fund only to see the aggressive growth fund you were thinking about double in value in six months.

4. Would you feel better if:

   - □ a. You doubled your money in an equity investment.
   - □ b. Your money market fund investment saved you from losing half your money in a market slide.

5. Which would make you the happiest?

   - □ a. You win $100,000 in a publisher's contest.
   - □ b. You inherit $100,000 from a rich relative.
   - □ c. You earn $100,000 by risking $2,000 in options.
   - □ d. Any of the above - you're happy with the $100,000, no matter how it ended up in your wallet.

6. The apartment building where you live is being converted into condos. You can either buy your unit for $80,000 or sell the option for $20,000. The market value of the condo is $120,000. You know that if you buy the condo, it might take six months to sell, the monthly carrying cost is $1,200, and you'd have to borrow the down payment for a mortgage. You don't want to live in the building any more. What do you do?

- □ a. Take the $20,000.
- □ b. Buy the unit and then sell it.

7. You inherit your uncle's $100,000 house, free of any mortgage. Although the house is in a fashionable neighborhood, and can be expected to appreciate at a rate faster than inflation, it has deteriorated badly. It would net $1,000 monthly if rented as is, or $1,500 per month if renovated. The renovations can be financed by a mortgage on the property. You would:

- □ a. Sell the house.
- □ b. Rent it as is.
- □ c. Make the necessary renovations, and then rent it.

8. You work for a small but thriving privately held electronics company. The company is raising money by selling stock to its employees. Management plans to take the company public, but not for four years or more. If you buy stock, you will not be allowed to sell until the shares are traded publicly. In the meantime, the stock will pay no dividends. But when the company goes public, the share could trade for 10 to 20 times what you paid. How much of an investment would you make?

- □ a. None at all.
- □ b. One month's salary.
- □ c. Three months' salary.
- □ d. Six months' salary.

9. Your long-time neighbor, an experienced petroleum geologist, is assembling a group of investors (of which he is one), to fund an exploratory oil well, which could pay back 50 to 100 times its investment. If the well is dry, the entire investment is worthless. Your friend estimates the chances of success at only 20%. What would you invest?

- □ a. Nothing at all.
- □ b. One month's salary.
- □ c. Three months' salary.
- □ d. Six months' salary.

10. You learn that several commercial building developers are seriously looking at undeveloped land in a certain location. You are offered an option to buy a choice parcel of that land. The cost is about two months' salary and you calculate the gain to be ten months' salary. Do you:

- □ a. Purchase the option.
- □ b. Let it slide, it's not for you.

11. You are on a TV game show, and can choose one of the following. Which would you take?

- □ a. $1,000 cash.
- □ b. A 50% chance at $ 4,000.
- □ c. A 20% chance at $10,000.
- □ d. A 5% chance at $100,000.

12. It's 1993 and inflation is returning. Hard assets such as precious metals, collectibles, and real estate are expected to keep pace with inflation. Your assets are all in long-term bonds. What would you do?

- □ a. Hold the bonds.
- □ b. Sell the bonds, put half the proceeds into money funds and the other half into hard assets.
- □ c. Sell the bonds and put the total proceeds into hard assets.
- □ d. Sell the bonds, put all the money into hard assets, and borrow additional money to buy more.

13. You've lost $500 at the blackjack table in Atlantic City. How much more are you prepared to lose to win the $500 back?

- □ a. Nothing. You quit now.
- □ b. $100.
- □ c. $250.
- □ d. $500.
- □ e. More than $500.

14. On a trip to Las Vegas you lose $150 playing the slots. You:

- □ a. Get another $50 worth of quarters, hoping to recoup part of your loss.
- □ b. Go sightseeing and forget the casino.
- □ c. Keep playing but plan to stop when you've lost another $150.

15. The quote that best describes your attitude toward life is:

- □ a. The early bird catches the worm.
- □ b. No gain without pain.
- □ c. A bird in the hand is worth two in the bush.

16. A friend who is a stockbroker calls with a hot tip. You are most likely to:

- □ a. Say you're not interested.
- □ b. Pull out your checkbook.
- □ c. Ask for more information.

17. You park most of your cash in:

- □ a. Money market funds.
- □ b. Bank money market deposit accounts.
- □ c. Certificates of deposit.

18. You win a contest sponsored by your local radio station, and have a choice of the following three prizes. You pick:

- □ a. An all-expenses-paid trip to a resort.
- □ b. $1,000 cash.
- □ c. 100 shares of stock in the radio station.

19. You spend a rainy Sunday afternoon with:

- □ a. Monopoly.
- □ b. Chess.
- □ c. A crossword puzzle book.

20. Your son persuades you to buy stock he says is a winner, but three months later you've lost $1,000. You:

- □ a. Sell the stock and cut your losses.
- □ b. Do nothing and hope the price will rise again.
- □ c. Buy more shares (the price is so low!).

21. You're thinking about buying a house in Florida to rent out, then eventually retire to. You tell the real estate agent to look for:

- □ a. A large house that needs some work in a good neighborhood.
- □ b. A small, well-maintained house in an established neighborhood.
- □ c. A large house located in an up-and-coming neighborhood.

22. You develop a way to take the calories out of cakes and cookies without affecting the taste. You:

- □ a. Sell the patent to Generous Foods for $1 million.
- □ b. Try to raise the money to set up a company to produce the new product.
- □ c. Accept a position with Generous Foods managing the division that markets the new product.

23. Your attitude toward managing your pension money is:

- □ a. I want my investments to grow faster than inflation.
- □ b. Beating inflation is less important than preserving income and capital.
- □ c. I'll risk some income for a chance to beat inflation.

24. The bill for your weekly groceries comes to $85, and you have $100 in your wallet. You pay for the groceries with:

- □ a. A check.
- □ b. Cash.
- □ c. A credit card.

25. You would put a $75,000 pension plan lump-sum payout into:

- □ a. A mutual fund that invests in government securities.
- □ b. A high-yielding certificate of deposit in a shaky S&L.
- □ c. A blue chip stock fund.

26. On a cross-country trip, you would eat lunch in:

- □ a. A restaurant recommended by the guidebook.
- □ b. A restaurant belonging to a national chain.
- □ c. The place the locals say is the best in town.

Risk Level Assessment
Results

Question #	Option A	Option B	Option C	Option D	Option E
1	3	1	4		
2	1	3	4		
3	1	3			
4	2	1			
5	2	1	4	1	
6	1	2			
7	1	2	3		
8	1	2	4	6	
9	1	3	6	9	
10	3	1			
11	1	3	5	9	
12	1	2	3	4	
13	1	2	4	6	8
14	2	1	3		
15	2	3	1		
16	1	3	2		
17	2	1	1		
18	2	1	3		
19	3	2	1		
20	1	2	3		
21	2	1	3		
22	1	3	2		
23	3	1	2		
24	2	1	3		
25	2	1	3		
26	2	1	3		
Sub-totals					
Total					

- ○ **BELOW 40 ► CONSERVATIVE, ALLERGIC TO RISK.**
- ○ **41 - 67 ► ACTIVE, PRUDENT INVESTOR.**
- ○ **68 & OVER ► VENTURESOME, ASSERTIVE INVESTOR.**