



Client Name: _____

Client Goal/Portfolio: _____

Investing Requires Risk!

In theory, risk-free investments do exist and they provide investors with the risk-free rate of return. For US investors, T-bills (1-month or 3-month) are commonly used to benchmark the return available for risk-free investors. Although T-bills are very conservative investments, in practice, they do actually carry some investment risk.

Investing in anything that has an expected return greater than t-bills assumes real risk. Risk can manifest itself in many ways, but the most common and painful method is declining portfolio value due to market volatility. This questionnaire has been designed to help us better understand your Risk Profile. This includes your need to accept market risk and willingness to endure fluctuations in your portfolio values to achieve your investment goals. This document, combined with your financial values, investment goals and balance sheet will be used to determine your investment strategy and portfolio design.

Important considerations when determining your Risk Budget:

Purpose & Time Horizon

What is the purpose for this investment? When will you begin to withdrawal money from your account? If your account will be used to purchase a home, business, or auto in the near future (less than 5 years), portfolio preservation will be the priority. If this date is many years away, you may be more comfortable with a portfolio that has a higher level of risk in exchange for a greater expectation for appreciation. You will have more time to invest in the capital markets and will be able to withstand the inevitable ups and downs.

Risk Tolerance

How do you feel about market volatility? How do you feel about the possibility of your portfolio decreasing in value? When you invest, there is always a risk-reward relationship. Unfortunately, there is no “free-lunch” and therefore to earn a higher return, investors must assume more risk. While our portfolios are globally diversified into thousands of stocks, multiple sectors and industries and more than 39 countries; they will still fluctuate in value.

How to make your choice:

1. Complete the questionnaire.

Answer the questions on the following pages and use your score to identify the Risk Profile that best describes you.

2. Select a Portfolio.

After determining your investment profile, please select a portfolio illustrated on page 4 that is most appropriate for you.

3. Let us know.

Please fax this document to Financial Innovations LLC at 214.853.4224 and we will invest the money based upon the investment selected.



- 1. What is the purpose for this investment:** **Pts.**
- Emergency/Reserve Funds 0
 - Current investment income 2
 - College Savings/Education Fund 4
 - Retirement Savings 6
 - Long-Term capital appreciation 8

- 2. What is the primary objective for this investment:** **Pts.**
- Safety of Principal 0
 - Income 2
 - Income with Growth 4
 - Growth with Income 6
 - Growth 8
 - Aggressive Growth 10

- 3. I plan to begin withdrawing this money within:** **Pts.**
- Less than 3 years 0
 - 3-5 years 2
 - 6-10 years 4
 - 11 years or more 6

- 4. Once I begin withdrawing funds from my investments, I plan to spend all of the funds within:** **Pts.**
- Less than 2 years 0
 - Between 2-5 years 1
 - Between 6-10 years 2
 - More than 11 years 3

- 5. I would describe my risk profile to be:** **Pts.**
- Safety of Principal 0
 - Conservative 2
 - Moderate 4
 - Growth Oriented 6
 - Aggressive 8

- 6. Which of the following best describes your view for this portfolio:** **Pts.**
- Concerned about losing value 0
 - Equally concerned about losing and gaining 2
 - Concerned about gaining value 4

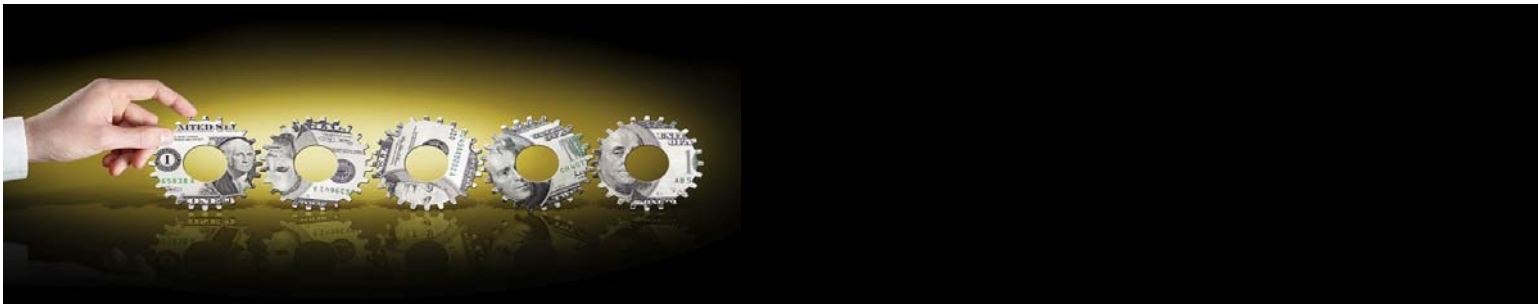
- 7. Do you have at 6 months worth of living expenses set aside in a reserve account or fund?** **Pts.**
- No 0
 - Yes 3

- 8. I am comfortable losing ___% of my portfolio in the effort to earn higher returns:**
- | | | | |
|------------------------------|-----------|------------------------------|-----------|
| <input type="checkbox"/> 0% | <u>0</u> | <input type="checkbox"/> 30% | <u>11</u> |
| <input type="checkbox"/> 5% | <u>2</u> | <input type="checkbox"/> 35% | <u>12</u> |
| <input type="checkbox"/> 10% | <u>4</u> | <input type="checkbox"/> 40% | <u>13</u> |
| <input type="checkbox"/> 15% | <u>6</u> | <input type="checkbox"/> 45% | <u>14</u> |
| <input type="checkbox"/> 20% | <u>8</u> | <input type="checkbox"/> 50% | <u>15</u> |
| <input type="checkbox"/> 25% | <u>10</u> | <input type="checkbox"/> 55% | <u>16</u> |

- 9. What is the desired rate of return for this portfolio?**
- | | | | |
|-----------------------------|-----------|------------------------------|-----------|
| <input type="checkbox"/> 1% | <u>0</u> | <input type="checkbox"/> 8% | <u>14</u> |
| <input type="checkbox"/> 2% | <u>2</u> | <input type="checkbox"/> 9% | <u>16</u> |
| <input type="checkbox"/> 3% | <u>4</u> | <input type="checkbox"/> 10% | <u>18</u> |
| <input type="checkbox"/> 4% | <u>6</u> | <input type="checkbox"/> 11% | <u>20</u> |
| <input type="checkbox"/> 5% | <u>8</u> | <input type="checkbox"/> 12% | <u>22</u> |
| <input type="checkbox"/> 6% | <u>10</u> | <input type="checkbox"/> 13% | <u>24</u> |
| <input type="checkbox"/> 7% | <u>12</u> | <input type="checkbox"/> 14% | <u>26</u> |

10. The following table outlines the most likely best and worst case annual returns of 9 historical investment portfolios. Which range of positive outcomes would be most acceptable to you?

Best and Worst-Case Scenarios (1 Yr)				
Portfolio	Avg. Annual Return	Best Case	Worst Case	Pts.
<input type="checkbox"/> A	4.7%	20.8%	-7.2%	<u>0</u>
<input type="checkbox"/> B	5.7%	25.2%	-13.42%	<u>2</u>
<input type="checkbox"/> C	6.5%	29.4%	-20.18%	<u>4</u>
<input type="checkbox"/> D	7.4%	34.3%	-26.93%	<u>6</u>
<input type="checkbox"/> E	8.1%	43.0%	-33.68%	<u>8</u>
<input type="checkbox"/> F	8.7%	51.6%	-40.43%	<u>10</u>
<input type="checkbox"/> G	9.4%	60.4%	-47.19%	<u>12</u>
<input type="checkbox"/> H	9.9%	69.2%	-53.94%	<u>14</u>
<input type="checkbox"/> I	10.3%	78.0%	-60.69%	<u>16</u>
<input type="checkbox"/> J	11.0%	75.4%	-66.87%	<u>18</u>



Risk Profile Score:

Add up the total points for questions 1- 10. Enter your total risk score here_____.

Circle the value of your risk score on the grid below. Your portfolio selection will be the portfolio score underneath your risk score.

Risk Score																				
4	9	14	19	24	29	34	39	44	49	54	59	64	69	74	79	84	89	94	99	100
3	8	13	18	23	28	33	38	43	48	53	58	63	68	73	78	83	88	93	98	100
2	7	12	17	22	27	32	37	42	47	52	57	62	67	72	77	82	87	92	97	100
1	6	11	16	21	26	31	36	41	46	51	56	61	66	71	76	81	86	91	96	100
0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Portfolio Score																				
0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Client A Signature: _____

Client B Signature: _____

Date: _____

Date: _____