

Risk Profiler

Understanding risk is all about determining your capacity for risk and uncertainty, as well as your attitude to risk. Below are some questions which will help you determine your attitude to investment.

Capacity for risk

This is determined by factors such as your timeframe, assets, income and other commitments.

What is your main objective for investing?

- ☐ Income for current needs 1
- ☐ Mostly income but some capital growth 2
- ☐ Both income and capital gain are important 3
- ☐ Need capital growth but also some income 4
- ☐ Capital growth only for long-term gain 5

What is your age?

- ☐ Under 35 5
- ☐ 35-45 4
- ☐ 45-55 3
- ☐ 55-65 2
- ☐ Over 65 1

What are your investment assets worth?

- ☐ Under \$15,000 1
- ☐ \$15,000 to \$50,000 2
- ☐ \$50,000 to \$150,000 3
- ☐ \$150,000 to \$500,000 4
- ☐ Over \$500,000 5

How many years do you have until you retire?

- ☐ Currently retired 1
- ☐ less than 5 years 2
- ☐ between 5 and 15 years 3
- ☐ between 15 and 25 years 4
- ☐ more than 25 years 5

What is your combined annual income (before tax)?

- ☐ Under \$40,000 1
- ☐ \$40,000 to \$60,000 2
- ☐ \$60,000 to \$80,000 3
- ☐ \$80,000 to \$120,000 4
- ☐ Over \$120,000 5

Which statement best describes your expected future earnings over the next five years?

- ☐ Far outpace inflation (due to promotions, new (job) 4
- ☐ Stay somewhat ahead of inflation 3
- ☐ Keep pace with inflation 2
- ☐ Decrease (retirement, part-time work, etc) 1

How many people are financially dependent on you?

- ☐ four or more, plus myself 1
- ☐ three, plus myself 2
- ☐ two, plus myself 3
- ☐ one, plus myself 4
- ☐ myself only 5

The cash you have available to handle unexpected financial emergencies such as medical expenses or job loss is

- ☐ more than six months' net income 1
- ☐ between four and six months' net income 2
- ☐ between two and four months' net income 3
- ☐ between one and two months' net income 4
- ☐ less than one month's next income 5

Attitude to risk

This is determined by past experiences, your attitude to life and many other things.

Which of the following statements best describes your attitude to investment?

- ☐ I do not want to have any uncertainty in the value of my investments 1
- ☐ I am willing to have some fluctuations in the value of my investments to gain modest growth, provided the majority of my investments are low risk 2
- ☐ I am comfortable with a balance of lower risk and higher risk investments to provide income and growth 3
- ☐ I prefer the majority of my investments to be invested in more volatile but higher-returning investments 4
- ☐ I prefer higher risk investments that have the potential to generate the highest long-term returns 5

If you were allocating money for long-term investment, you would choose

- ☐ cash or bank deposits 1
- ☐ government stock or other fixed interest 2
- ☐ fixed interest, property and a few shares predominantly shares, but some property and 3
- ☐ fixed interest 4
- ☐ shares only 5

You believe investing in shares is like gambling because of the great uncertainty

- | | |
|--|---|
| <input type="radio"/> strongly agree | 1 |
| <input type="radio"/> agree | 2 |
| <input type="radio"/> neither agree nor disagree | 3 |
| <input type="radio"/> disagree | 4 |
| <input type="radio"/> strongly disagree | 5 |

You would be extremely concerned if there were short-term fluctuations in the value of your investments

- | | |
|--|---|
| <input type="radio"/> strongly agree | 1 |
| <input type="radio"/> agree | 2 |
| <input type="radio"/> neither agree nor disagree | 3 |
| <input type="radio"/> disagree | 4 |
| <input type="radio"/> disagree strongly | 5 |

When making investments, you prefer to have a guaranteed return paid on a certain date, rather than uncertain returns which may be higher or lower

- | | |
|--|---|
| <input type="radio"/> strongly agree | 1 |
| <input type="radio"/> agree | 2 |
| <input type="radio"/> neither agree nor disagree | 3 |
| <input type="radio"/> disagree | 4 |
| <input type="radio"/> strongly disagree | 5 |

A month after you buy it, an investment falls 15% in a market correction. Assuming none of the company's fundamentals have changed, do you

- | | |
|--|---|
| <input type="radio"/> Sell it as soon as possible, and put the money in the bank | 1 |
| <input type="radio"/> Sell, but invest in another share | 2 |
| <input type="radio"/> Hold it, and hope it recovers | 3 |
| <input type="radio"/> Buy even more of it – it's an opportunity | 5 |

Now, add up the points which correspond to your selected answers.

Your score: _____

Your total will put you in one of five Investor Profile categories, with an appropriate portfolio 

14-25: Stable

Capability

You have a low capacity for uncertainty, due to financial constraints such as limited assets, low income-earning potential, or short time frame

Attitude

You are very averse to fluctuations in investment values, and prefer investments which offer stability rather than capital growth. Your primary need is for income in the short to medium term.

26 - 36: Conservative

Capability

You have limited capacity for uncertainty in investment values, due to short-term financial constraints.

Attitude

You are generally averse to fluctuations in investment values, but are willing to have some money invested in growth assets. Your primary need is for income, and to protect your capital.

37 - 47: Balanced

Capability

While you have some financial and other constraints, you can afford to take a longer-term view, and can tolerate some uncertainty in income and the value of your investments.

Attitude

You want to have some certainty but also want your portfolio to have the potential for growth, by investing in growth assets such as property and shares.

48 - 58: Growth

Capability

You have few financial and other constraints and can afford to take a longer-term view. You can tolerate a reasonable level of uncertainty in income and the value of your investments.

You have some need for income but a larger need for capital growth over the medium to long term.

Attitude

You are comfortable with a reasonable level of uncertainty because in general you are seeking longer-term growth. You are relatively comfortable with risk and uncertainty.

59 - 69: Aggressive

Capability

Your financial position - income, assets, time horizon - is such that there are few if any constraints on your investments. You have little if any need for income.

Attitude

You take a long-term view, see risk and uncertainty as opportunity, and are comfortable with high levels of volatility in order to generate the highest level of long-term capital growth.

For each Risk Profile there will be a corresponding Investment Portfolio.