



# Risk Profile Assessment

Client: \_\_\_\_\_ Date: \_\_\_\_\_

Please answer the following 15 questions as candidly as you can. Circle the points for each question.

When answering the following questions, consider your answers in regards to your feelings toward either your entire portfolio or only the assets managed by Yield Financial Advisors, Inc. (YFA). Please initial the one that applies.

\_\_\_\_\_ The following reflects my attitudes toward risk for my entire portfolio.

\_\_\_\_\_ The following reflects my attitudes toward money managed by YFA.

- 1. In general, how would your best friend describe you as a risk taker?
  - a. A real gambler ..... 4 points
  - b. Willing to take risks after completing adequate research ..... 3 points
  - c. Cautious .....2 points
  - d. A real risk avoider .....1 point

- 2. You are on a TV game show and can choose one of the following; which would you take?
  - a. \$1,000 in cash .....1 point
  - b. A 50% chance at winning \$5,000 ...2 points
  - c. A 25% chance at winning \$10,000 .....3 points
  - d. A 5% chance at winning \$100,000 .....4 points

- 3. You have just finished saving for a "once-in-a-lifetime" vacation. Three weeks before you plan to leave, you lose your job. You would:
  - a. 2881 .....1 point
  - b. Take a much more modest vacation.....2 points
  - c. Go as scheduled, reasoning that you need the time to prepare for a job search .....3 points
  - d. Extend your vacation, because this might be your last chance to go first-class ...4 points

- 4. If you unexpectedly received \$20,000 to invest, what would you do?
  - a. Deposit it in a bank account, money market account, or insured CD .....1 point
  - b. Invest it in safe high-quality bonds or bond mutual funds .....2 points
  - c. Invest it in stocks or stock mutual funds .....3 points

5. In terms of experience, how comfortable are you investing in stocks or stock mutual funds?

- a. Not at all comfortable .....1 point
- b. Somewhat comfortable .....2 points
- c. Very Comfortable .....3 points

6. When you think of the word "risk," which of the following words comes to mind first?

- a. Loss .....1 point
- b. Uncertainty .....2 points
- c. Opportunity .....3 points
- d. Thrill .....4 points

7. Some experts are predicting prices of assets such as gold, jewels, collectibles, and real estate (hard assets) to increase in value; bond prices may fall, however, experts tend to agree that government bonds are relatively safe. Most of your investment assets are now in high-interest government bonds. What would you do?

- a. Hold the bonds .....1 point
- b. Sell the bonds, put half the proceeds into money market accounts, and the other half into hard assets .....2 points
- c. Sell the bonds and put the total proceeds into hard assets .....3 points
- d. Sell the bonds, put all the money into hard assets, and borrow additional money to buy more.....4 points

8. Given the best and worst case returns of the four investment choices below, which would you prefer?

- a. \$200 gain best case; \$0 gain/loss worst case .....1 point
- b. \$800 gain best case, \$200 loss worst case .....2 points
- c. \$2,600 gain best case, \$800 loss worst case .....3 points
- d. \$4,800 gain best case, \$2,400 loss worst case .....4 points

\*9. In addition to whatever you own, you have been given \$1,000. You are now asked to choose between:

- a. A sure gain of \$500 .....1 point
- b. A 50% chance to gain \$1,000 and a 50% chance to gain nothing .....3 points

\*10. In addition to whatever you own, you have been given \$2,000. You are now asked to choose between

- a. A sure loss of \$500 .....1 point
- b. A 50% chance to lose \$1,000 and a 50% chance to lose nothing .....3 points

11. Suppose a relative left you an inheritance of \$100,000, stipulating in the will that you invest ALL the money in ONE of the following choices. Which one would you select?

- a. A savings account or money market mutual fund .....1 point
- b. A mutual fund that owns stocks and bonds .....2 points
- c. A portfolio of 15 common stocks ....3 points
- d. Commodities like gold, silver, and oil .....4 points

12. If you had to invest \$20,000, which of the following investment choices would you find most appealing?

- a. 60% in low-risk investments, 30% in medium-risk investments, 10% in high-risk investments .....1 point
- b. 30% in low-risk investments, 40% in medium-risk investments, 30% in high-risk investments .....2 points
- c. 10% in low-risk investments, 40% in medium-risk investments, 50% in high-risk investments .....3 points

13. Your trusted friend and neighbor, an experienced geologist, is putting together a group of investors to fund an exploratory gold mining venture. The venture could pay back 50 to 100 times the investment if successful. If the mine is a bust, the entire investment is worthless. Your friend estimates the chance of success is only 20%. If you had the money, how much would you invest?

- a. Nothing .....1 point
- b. One month's salary .....2 points
- c. Three month's salary .....3 points
- d. Six month's salary .....4 points

14. What percent would the market have to decline before you would hit the panic button on your investments in a quarterly time frame and say "sell everything?" \_\_\_\_\_%

15. What percent would the market have to decline before you would hit the panic button on your investments in an annual time frame and "say sell everything?" \_\_\_\_\_%

\* Answers to questions 9 and 10 can be averaged to obtain a combined score

Total Points: \_\_\_\_\_

Score Level

Points	Risk Tolerance
33-47	High tolerance for risk
29-32	Above-average tolerance for risk
23-28	Average/moderate tolerance for risk
19-22	Below-average tolerance for risk
0-18	Low tolerance for risk

**Customized Options** (Please Initial)

\_\_\_\_\_ Understanding my risk profile – I prefer that my portfolio be invested in \_\_\_\_\_ risk profile.

## Client Suitability

Employment Status:  employed  retired  homemaker  unemployed

What is your net worth EXCLUDING THE VALUE OF YOUR PRIMARY RESIDENCE? \_\_\_\_\_

What is the value of your liquid Assets? \_\_\_\_\_

What is your annual household income?  Less than \$50,000  \$50,000 to \$100,000

\$100,000 to \$250,000  \$250,000 to \$500,000  Over \$500,000

What is your Tax Bracket?  0% - 15%  16% - 31%  >31%

What is the working time frame for your investment portfolio?

1-2 years  3-5 years  6-10 years  more than 10 years

Your level of investment experience?

Limited (1-5 yrs.)  Average (5-10 yrs.)  Extensive (10+)

My investment objective is: (check all that apply)

Growth  Income  Preservation of capital  Liquidity  Retirement

Client Date of Birth \_\_\_\_/\_\_\_\_/\_\_\_\_

Signature and Date:

\_\_\_\_\_

Client

\_\_\_\_\_

Date

Assessment developed by Dr. John Grable & Dr. Ruth Lytton