TAPPAN

financial solutions

Risk Profile Analyser

Plan your future investment portfolio

It is human nature to want the highest return possible. However, return is just one of the factors you need to consider when selecting an investment portfolio. Equally important is how comfortable you are with fluctuation in market values, your requirements for regular income versus capital growth and your investment time frame. When investing, it is important to ensure that where you place your money is suited to your specific personal needs and objectives. This means your investments should suit your tax situation, how long you are investing for and amongst other things, your risk profile. Your risk profile is a measure of how comfortable you are with investment risk, or variability of return. It is influenced by how cautious a person you are, what you currently know about investments and what investment experiences you have had.

The Risk Profile Analyser can assist you in determining your tolerance to risk and how that relates to particular investments. Your risk profile is a summary of your current situation, which is likely to change over time. You should periodically review your profile to ensure it remains consistent with your circumstances. It should only be used as a guide and not a substitute for a detailed financial plan. A risk profiler does not take into account your individual investment objectives, existing financial situation or particular needs, which should all be considered before making an investment decision.

To complete your risk profile, answer every question by selecting the appropriate option that best matches your personal situation. The Risk Profile Analyser is points based, so once you have completed all the questions, total up the points you have marked and evaluate your risk profile.

Investor's personal details

Title ☐☐☐☐ Initial/s ☐☐☐☐☐ Date D D - M M - 2 0 Y Y

Surname/Name of legal entity

First name/s (if individual)

Financial advisor

Investor profile quiz

1. My current age is

- ☐ Under 31 (15)
- ☐ 31 to 40 (12)
- ☐ 41 to 50 (9)
- ☐ 51 to 60 (1)
- ☐ Over 60 (0)

2. The current value of my savings/capital (including equity in property, shares, RAs, provident funds etc) is equal to:

- ☐ Less than half of my current (or last earned) annual income (0)
- ☐ Half of my annual income (salary, pension, interest, etc.) (1)
- ☐ The amount of my gross income in one year (4)
- ☐ Double my current (or last earned) annual income (8)
- ☐ Three times my current (or last earned) annual income (10)
- ☐ Five times my current (or last earned) annual income (12)

3. Within the next few years I expect my income to:

- [ ] Decline in real terms (0)
- [ ] Stay about the same (gains equal to inflation) (1)
- [ ] Increase gradually (slightly faster than inflation) (4)
- [ ] Increase dramatically (much faster than inflation) (10)
- [ ] Fluctuate and be unpredictable* (0)

4. Regarding dependants (minor or adult) and other major costs that I need to incur before retirement:

- [ ] I will be able to meet all expenses for dependants (including education) and other costs out of my income (9)
- [ ] I will have to withdraw a small portion of my savings to pay for dependants and other costs (6)
- [ ] I will have to withdraw more than half of my savings to pay for dependants and other costs (3)
- [ ] I expect that paying for dependants and other costs will leave me with very little savings when I retire (0)
- [ ] I do not have dependants or major costs to worry about (9)

5. Based on my lifestyle and medical history, I expect my risk of serious health problems over the next 10 years to be:

- [ ] Above average (0)
- [ ] Average (2)
- [ ] Low (5)
- [ ] Almost nil (10)

6. My investment experience is best described as follows:

- [ ] I've never invested in equities, either directly or through unit trusts, and do not understand these things (0)
- [ ] I've invested a small amount of money in equities or unit trusts and/or I know what these things are (1)
- [ ] I've invested a fair amount of money in equities or unit trusts and/or have a good understanding of equities (5)
- [ ] I've invested in commodities, options and international shares and/or am very knowledgeable about investment (8)
- [ ] I have a company retirement plan and/or other investments, but I'm not sure where I'm invested and/or I don't fully understand the different asset classes (0)

7. I plan to start withdrawing money from my savings in:

- [ ] Less than 5 years (1)
- [ ] Five to ten years (2)
- [ ] Eleven to fifteen years (8)
- [ ] More than fifteen years (13)
- [ ] I am already using my savings (0)

8. How do you/would you react to fluctuations in the market?

- [ ] I am (or would be) very concerned if my investments lose value and am (or would be) inclined to sell immediately (0)
- [ ] If an investment loses 5% percent over a quarter, I am (or would be) likely to sell and invest elsewhere (1)
- [ ] I wait (or would wait) until I have watched the performance of an investment for at least a year before making changes (4)
- [ ] Even if poor market conditions result in significant losses over several years, I will try and stick to a consistent long-term investment plan (8)

9. You invest R100,000 for ten years. Given the best and worst case scenarios below, which investment option would you choose**?

- [ ] Best case outcome: R500,000 - Worst case outcome: R50,000 (6)
- [ ] case outcome: R850,000 - Worst case outcome: R20,000 (10)
- [ ] Best case outcome: R300,000 - Worst case outcome: R65,000 (2)
- [ ] Best case outcome: R150,000 - Worst case outcome: R100,000 (0)

10.When I buy car insurance I:

- [ ] Choose the lowest excess to ensure maximum cover even though my policy costs more (0)
- [ ] Choose a moderate level of excess in order to reduce the premium (1)
- [ ] Choose a high excess in order to pay a low premium even though losses may not be covered (3)
- [ ] Choose to carry no insurance (5)

* Select this option if you only have investment income

** **Important**: Please note that the best and worst case scenarios are equally probable.

Total points risk category

Less than 30 points	Conservative investor
30 to 49 points	Moderately conservative investor
50 to 69 points	Moderate investor
70 to 89 points	Moderately aggressive investor
Greater then 90 points	Aggressive investor

Risk category details

Conservative investor
Conservative investors are investors who want stability and are more concerned with protecting their current investments than increasing the real value of their investments. A conservative investor is generally seeking to preserve capital and as a trade-off is usually prepared to accept lower investment returns.

Moderately conservative investor
Moderately conservative investors are investors who want to protect their capital and achieve some real increase in the value of their investments. This investor is usually seeking a diversified investment portfolio with exposure to a broad range of investment sectors.

Moderate investor
Moderate investors are long-term investors who want reasonable but relatively stable growth. Some fluctuations are tolerable, but investors want less risk than that attributable to a fully equity based investment. This investor is usually seeking a diversified investment portfolio with exposure to a broad range of investment sectors.

Moderately aggressive investor
Moderately aggressive investors are long-term investors who want good real growth in their capital. A fair amount of risk is acceptable. They are generally willing to trade some risk for greater long-term returns and typically will have a longer investment objective.

Aggressive investor
Aggressive investors are long-term investors who want high capital growth. Substantial year-to-year fluctuations in value are acceptable in exchange for a potentially high long-term return. An aggressive investor is comfortable accepting high volatility in their capital value, with the risk of short to medium-term periods of negative returns. They are willing to trade higher risk for greater long-term returns and typically will have a long investment objective.

Disclaimer

The investment risk profile questionnaire is designed to assist you in identifying the type of investor you are. It may help you to understand the issues that need to be considered in determining the investment plan or plans suitable to you. However, the questionnaire does not constitute investment advice. You will be solely responsible for the investment plan or plans you choose. We recommend that you consult a qualified financial planner who will take into account your personal financial position.

Signature of investor		Date dd - mm - 20yy
Signature of financial advisor		Michael Lee Tappan CFP® Tappan Financial Solutions CC FSB number:7897