FinaMetrica Personal Risk Profile

Personal Risk Profile

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009

Your Risk Tolerance Score

Your Risk Tolerance Score enables you to compare yourself to a representative sample of the adult population.

Robert, your score is 52.

This is a slightly-higher-than-average score, higher than 56% of all scores.

You estimated your score would be 48. Congratulations! You were close. Most people under-estimate their score by a few points.

Mary, your score is 59.

This is a high score, higher than 80% of all scores.

You estimated your score would be 55. Congratulations! You were close. Most people under-estimate their score by a few points.

Your Risk Group

When scores are graphed they form a bell curve as shown to the right. To make the scores more meaningful, the 0 to 100 scale has been divided into seven Risk Groups.

Robert, your score places you in Risk Group 4 as shown to the right.

Mary, your score places you in Risk Group 5 as shown to the right.

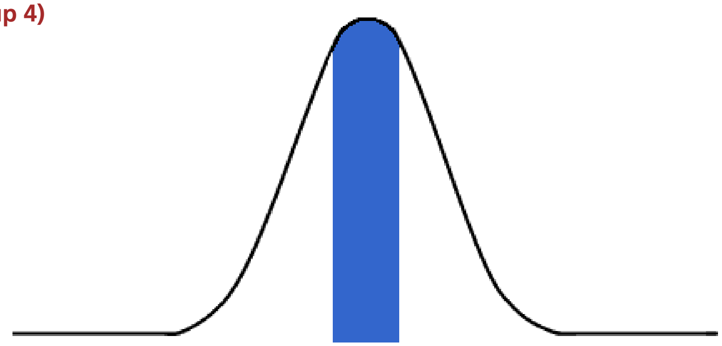
Your Risk Profile

Your Risk Profile has been prepared from information provided by you and is, of course, only relevant to you.

If you are one of a couple who make joint investment decisions your partner should also do a risk tolerance assessment. Both Risk Profiles then need to be considered when joint decisions are being made.

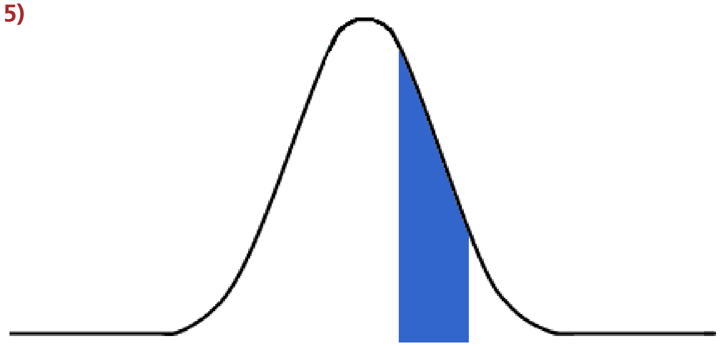
While the information provided by your Risk Tolerance Score is essential to making appropriate investment decisions, it is not sufficient by itself. You should also consider the cost, time horizon and relative priorities of the Financial Goals you need your investments to help you fund. This can only be accomplished when your Risk Tolerance Score is considered within the context of an overall Financial Goal Plan.

Robert (Risk Group 4)



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

Mary (Risk Group 5)



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

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FinaMetrica Personal Risk Profile

Robert's Risk Profile Group Comparison

Your Risk Group

The description of Risk Group 4 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Two of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

Making Financial Decisions

They usually think of "risk" as "uncertainty". They have a reasonable amount of confidence in their ability to make good financial decisions and usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.

When faced with a major financial decision you are usually, but not always, more concerned about the possible losses.

Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

Financial Past

They have taken a small to medium degree of risk with their past financial decisions. Most have never borrowed money to make an investment. The great majority have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

Investment

Most commonly they feel it is somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from one and a half to twice the rate from CDs (certificates of deposit). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	Expected Return and Risk		
	High	Medium	Low
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where stocks and real estate are high return/high risk and cash and CDs are low return/low risk, their most common choice is Portfolio 4.

If the total value of all your investments went down by as little as 10% you would begin to feel uncomfortable.

Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have 50% to 75% of the loan at variable interest.

Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

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FinaMetrica Personal Risk Profile

Mary's Risk Profile Group Comparison

Your Risk Group

The description of Risk Group 5 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Three of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

Making Financial Decisions

Most think of "risk" as "opportunity" and have a reasonable amount, if not a great deal, of confidence in their ability to make good financial decisions. They usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.

Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

Financial Past

They have taken a medium degree of risk with their past financial decisions. About half have borrowed money to make an investment. Most have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

You have never borrowed money to make an investment.

Investment

Most feel that it is at least somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from two to two and a half times the rate from CDs (certificates of deposit). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	Expected Return and Risk		
	High	Medium	Low
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where stocks and real estate are high return/high risk and cash and CDs are low return/low risk, their most common choice is Portfolio 5.

If the total value of all your investments went down by as little as 10% you would begin to feel uncomfortable.

With these portfolio choices, you would choose Portfolio 4.

Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have at least 50% of the loan at variable interest.

Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

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FinaMetrica Personal Risk Profile

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

1. Compared to others, how do you rate your willingness to take financial risks?
   - Extremely low risk taker.
   - Very low risk taker.
   - Low risk taker.
   - ▲ Average risk taker.
   - High risk taker.
   - Very high risk taker.
   - Extremely high risk taker.

2. How easily do you adapt when things go wrong financially?
   - Very uneasily.
   - Somewhat uneasily.
   - ▲ Somewhat easily.
   - Very easily.

3. When you think of the word "risk" in a financial context, which of the following words comes to mind first?
   - Danger.
   - ■ Uncertainty.
   - ● Opportunity.
   - Thrill.

4. Have you ever invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value?
   - ▲ No.
   - Yes, very rarely.
   - Yes, somewhat rarely.
   - Yes, somewhat frequently.
   - Yes, very frequently.

5. If you had to choose between more job security with a small pay increase and less job security with a big pay increase, which would you pick?
   - Definitely more job security with a small pay increase.
   - Probably more job security with a small pay increase.
   - Not sure.
   - ▲ Probably less job security with a big pay increase.
   - Definitely less job security with a big pay increase.

6. When faced with a major financial decision, are you more concerned about the possible losses or the possible gains?
   - Always the possible losses.
   - ■ Usually the possible losses.
   - ● Usually the possible gains.
   - Always the possible gains.

7. How do you usually feel about your major financial decisions after you make them?
   - Very pessimistic.
   - Somewhat pessimistic.
   - ▲ Somewhat optimistic.
   - Very optimistic.

8. Imagine you were in a job where you could choose whether to be paid salary, commission or a mix of both. Which would you pick?
   - All salary.
   - ■ Mainly salary.
   - ● Equal mix of salary and commission.
   - Mainly commission.
   - All commission.

■ Robert ● Mary ▲ Both

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FinaMetrica Personal Risk Profile

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

9. What degree of risk have you taken with your financial decisions in the past?
   - Very small.
   - Small.
   - ▲ Medium.
   - Large.
   - Very Large.

10. What degree of risk are you currently prepared to take with your financial decisions?
    - Very small.
    - Small.
    - ▲ Medium.
    - Large.
    - Very large.

11. Have you ever borrowed money to make an investment (other than for your home)?
    - ▲ No.
    - Yes.

12. How much confidence do you have in your ability to make good financial decisions?
    - None.
    - A little.
    - ▲ A reasonable amount.
    - A great deal.
    - Complete.

13. Suppose that 5 years ago you bought stock in a highly regarded company. That same year the company experienced a severe decline in sales due to poor management. The price of the stock dropped drastically and you sold at a substantial loss.

    The company has been restructured under new management, and most experts now expect it to produce better than average returns. Given your bad past experience with this company, would you buy stock now?
    - Definitely not.
    - Probably not.
    - ▲ Not sure.
    - Probably.
    - Definitely.

14. Investments can go up or down in value, and experts often say you should be prepared to weather a downturn. By how much could the total value of all your investments go down before you would begin to feel uncomfortable?
    - Any fall would make me feel uncomfortable.
    - ▲ 10%.
    - 20%.
    - 33%.
    - 50%.
    - More than 50%.

15. Assume that a long-lost relative dies and leaves you a house which is in poor condition but is located in a suburb that's becoming popular.

    As is, the house would probably sell for $300,000, but if you were to spend about $100,000 on renovations, the selling price would be around $600,000. However, there is some talk of constructing a major highway next to the house, and this would lower its value considerably.

    Which of the following options would you take?
    - Sell it as is.
    - Keep it as is, but rent it out.
    - ▲ Take out a $100,000 mortgage and do the renovations.

■ Robert ● Mary ▲ Both

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Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

16. Most investment portfolios have a mix of investments - some of the investments may have high expected returns but with high risk, some may have medium expected returns and medium risk, and some may be low-risk/low-return. (For example, stocks and real estate would be high-risk/high-return whereas cash and CDs (certificates of deposit) would be low-risk/low-return.)

    Which mix of investments do you find most appealing? Would you prefer all low-risk/low-return, all high-risk/high-return, or somewhere in between?

Mix of Investments in Portfolio

		High	Medium	Low
		Risk/Return	Risk/Return	Risk/Return
	Portfolio 1	0 %	0 %	100 %
	Portfolio 2	0 %	30 %	70 %
	Portfolio 3	10 %	40 %	50 %
▲	Portfolio 4	30 %	40 %	30 %
	Portfolio 5	50 %	40 %	10 %
	Portfolio 6	70 %	30 %	0 %
	Portfolio 7	100 %	0 %	0 %

17. You are considering placing one-quarter of your investment funds into a single investment. This investment is expected to earn about twice the CD (certificate of deposit) rate. However, unlike a CD, this investment is not protected against loss of the money invested.

    How low would the chance of a loss have to be for you to make the investment?

    Zero, i.e. no chance of any loss.
    ■ Very low chance of loss.
    ● Moderately low chance of loss.
    50% chance of loss.

18. With some types of investment, such as cash and CDs (certificates of deposit), the value of the investment is fixed. However inflation will cause the purchasing power of this value to decrease.

    With other types of investment, such as stocks and real estate, the value is not fixed. It will vary. In the short term it may even fall below the purchase price. However over the long term, the value of the stocks and real estate should certainly increase by more than the rate of inflation.

    With this in mind, which is more important to you - that the value of your investments does not fall or that it retains its purchasing power?

    Much more important that the value does not fall.
    Somewhat more important that the value does not fall.
    ▲ Somewhat more important that the value retains its purchasing power.
    Much more important that the value retains its purchasing power.

19. In recent years, how have your personal investments changed?

    Always toward lower risk.
    Mostly toward lower risk.
    ▲ No changes or changes with no clear direction.
    Mostly toward higher risk.
    Always toward higher risk.

■ Robert ● Mary ▲ Both

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20. When making an investment, return and risk usually go hand-in-hand. Investments which produce above-average returns are usually of above-average risk. With this in mind, how much of the funds you have available to invest would you be willing to place in investments where both returns and risks are expected to be above average?
    - None.
    - 10%.
    - 20%.
    - 30%.
    - 40%.
    - ▲ 50%.
    - 60%.
    - 70%.
    - 80%.
    - 90%.
    - 100%.

21. Think of the average rate of return you would expect to earn on an investment portfolio over the next ten years. How does this compare with what you think you would earn if you invested the money in one-year CDs (certificates of deposit)?
    - About the same rate as from CDs.
    - ■ About one and a half times the rate from CDs.
    - ● About twice the rate from CDs.
    - About two and a half times the rate from CDs.
    - About three times the rate from CDs.
    - More than three times the rate from CDs.

22. People often arrange their financial affairs to qualify for a government benefit or obtain a tax advantage. However a change in legislation can leave them worse off than if they'd done nothing.

    With this in mind, would you take a risk in arranging your affairs to qualify for a government benefit or obtain a tax advantage?
    - I would not take a risk if there was any chance I could finish up worse off.
    - ▲ I would take a risk if there was only a small chance I could finish up worse off.
    - I would take a risk as long as there was more than a 50% chance that I would finish up better off.

23. Imagine that you are borrowing a large sum of money at some time in the future. It's not clear which way interest rates are going to move - they might go up, they might go down, no one seems to know.

    You could take a variable interest rate that will rise and fall as the market rate changes. Or you could take a fixed interest rate which is 1% more than the current variable rate but which won't change as the market rate changes. Or you could take a mix of both.

    How would you prefer your loan to be made up?
    - 100% variable.
    - 75% variable, 25% fixed.
    - ▲ 50% variable, 50% fixed.
    - 25% variable, 75% fixed.
    - 100% fixed.

24. Insurance can cover a wide variety of life's major risks - theft, fire, accident, illness, death etc. How much coverage do you have?
    - Very little.
    - Some.
    - ▲ Considerable.
    - Complete.

■ Robert ● Mary ▲ Both

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25. This questionnaire is scored on a scale of 0 to 100. When the scores are graphed they follow the familiar bell-curve of the Normal distribution shown below. The average score is 50. Two-thirds of all scores are within 10 points of the average. Only 1 in 1000 is less than 20 or more than 80.

    What do you think your score will be?

    Robert's estimated score : 48

    Mary's estimated score : 55

■ Robert ● Mary ▲ Both

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