



# SMS FINANCIAL & INVESTMENT MANAGEMENT

AN SEC REGISTERED INVESTMENT ADVISOR

## CONFIDENTIAL RISK PROFILE WORKSHEET

Understanding your tolerance for investment risk relative to your investment return expectations is an important step in designing a portfolio. The questions that follow will help to develop a more accurate financial picture of your life and to get a good idea of your possible investment future. The answers you choose will indicate your comfort level with investment risk – and your ability to withstand it. They will help us to analyze your day-to-day financial needs, your general investment style and your personal time horizon.

### 1. Risk Factor

Before you make a decision on any investment you need to consider how you feel about the prospect of potential loss of principal. This is a basic principle of investing; the higher return you seek, the more risk you face. Which factor is most important to you in allocating a portfolio or choosing a particular investment?

- a) How quickly I may be able to increase my wealth.
- b) The amount of monthly income the portfolio can generate.
- c) The safety of my investment principal.

### 2. Investment Approach

Which of the following statements best describes your overall approach to investing?

- a) Pursue current income, forego capital gains and minimize risk to principal.
- b) Increase investment value while minimizing potential for loss.
- c) Pursue investment growth, accepting moderate levels of risk and principal fluctuation.
- d) Seek maximum long-term returns, accepting maximum risk with principal fluctuation.

### 3. Volatility

The values of most investments fluctuate from year to year as well as over short-term. If an investment that you had committed for ten years lost 10% of its value during the first year.

- a) I would be extremely concerned and would consider selling and moving the investment.
- b) I would be moderately concerned, and may consider selling and moving the investment.

- c) I would be somewhat concerned, but I probably would not consider selling the investment.
- d) I would not be overly concerned, given my investment philosophy.

**4. Variation**

After observing the yearly volatility in each of the following hypothetical portfolios, with which would you feel most comfortable?

	Arithmetic					
	Year 1	Year 2	Year 3	Year 4	Year 5	Average
a)	5%	5%	5%	5%	5%	5%
b)	4%	7%	8%	2%	9%	6%
c)	-5%	21%	8%	2%	9%	7%
d)	9%	-11%	26%	3%	18%	9%
e)	14%	-21%	40%	-4%	31%	12%

**5. Economic – U.S.**

In general, your feelings about the U.S. economy over the next ten years are:

- a) Pessimistic
- b) Unsure
- c) Optimistic

**6. Economic – World**

In general, your feelings about world economies over the next ten years are:

- a) Pessimistic
- b) Unsure
- c) Optimistic

**7. Monetary Need**

Investment time horizon: Another important consideration when making investment decisions is where you are in your life cycle and how long you have before you will need the money you are investing. In about how many years do you expect to need the money you are investing?

- a) Less than 2 years
- b) Within 2 to 3 years
- c) Within 4 to 5 years
- d) Within 6 to 10 years
- e) More than 10 years

**8. Portfolio Withdrawal**

Investment time horizon: How far in the future would you anticipate the need to withdrawal more than 20 percent of your portfolio to meet a short-term financial need?

- a) More than 7 years
- b) Within 3 to 7 years
- c) Less than 3 years

**9. Age**

What is your current age? This will be used to determine that approximate number of years until retirement dollars might be needed.

- a) Under 30
- b) Between 30 to 45
- c) Between 46 to 55
- d) Between 56 to 70
- e) Over 70

**10. Income Needs**

This section will help discover how much potential risk you can actually afford to take based on your own financial life cycle scenario. Which statement best describes your portfolio income needs?

- a) I can forego at least 10 percent of my total current portfolio income
- b) My present income is adequate for my needs
- c) I need at least 10 percent portfolio income

**11. Investment Earnings**

In light of other resources of income you may have, how do you anticipate using the earnings of your investment portfolio?

- a) Reinvest 100 percent of my investment earnings
- b) Reinvest 80 to 100 percent of my investment earnings
- c) Reinvest 20 to 80 percent of my investment earnings
- d) Reinvest 0 percent (receive all investment earnings for cash flow)

**12. Investment Value**

Your portfolio design relates to your investment experience, which helps to determine your current investment philosophy. What is the current value of your total investment portfolio?

- a) More than \$1,000,000
- b) \$500,000 to \$1,000,000
- c) \$300,000 to \$500,000
- d) \$100,000 to \$300,000
- e) Less than \$100,000

**13. Living Expense**

Given interruptions of periodic income or other unforeseen circumstances, some individuals are forced to tap their investment resources to meet living expenses. In such an instance, how many months of living expenses could be covered by your current liquid investments?

- a) More than 12 months, or not a concern
- b) Between 4 and 12 months
- c) Less than 4 months, or already withdrawing

**14. Household Income**

This value includes earned income and investment income. Earnings should be taken into account in determining your allocation of assets. What is your annual household income (include interest income)?

- a) More than \$200,000
- b) \$150,000 to \$200,000
- c) \$100,000 to \$150,000
- d) \$50,000 to \$100,000
- e) Less than \$50,000

**15. Income Savings**

The percentage of your total income that you save is approximately:

- a) 0 percent
- b) 0 to 10 percent
- c) 10 to 20 percent
- d) More than 20 percent

**16. Future Earnings**

In the next five years, you expect that your earned income will probably:

- a) Decrease
- b) Stay about the same

- c) Increase modestly
- d) Increase significantly

**Comments:**

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To the best of my knowledge, the information contained in this profile is both accurate and complete. I understand that any recommendations are based upon the information supplied by me.

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**Client Signature**

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