

Risk Assessment Questionnaire

Assessing Risk Tolerance

Name:

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. 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.

5. What degree of risk are you currently prepared to take with your financial decisions?

- Very small.
- Small.
- Medium.
- Large.
- Very large.

6. Suppose that 5 years ago you bought shares in a highly regarded company. That same year the company experienced a severe decline in sales due to poor management. The price of the shares 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 shares now?

- Definitely not.
- Probably not.
- Not sure.
- Probably.
- Definitely.

7. 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 in value would make me feel uncomfortable.
- 10%.
- 20%.
- 33%.
- 50%.
- More than 50%.

8. 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, shares and property would be high-risk/high-return whereas cash and bank deposits would be low-risk/low-return).

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

- Portfolio 1.
- Portfolio 2.
- Portfolio 3.
- Portfolio 4.
- Portfolio 5.
- Portfolio 6.
- Portfolio 7.

9. With other types of investment, such as shares and property, 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 shares and property 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?

With some types of investment, such as cash and bank deposits, the value of the investment is fixed. However, inflation will cause the purchasing power of this value to decrease.

- 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.

10. 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 bank deposits?

- About the same rate as from bank deposits.
- About one and a half times the rate from bank deposits.
- About twice the rate from bank deposits.
- About two and a half times the rate from bank deposits.
- About three times the rate from bank deposits.
- More than three times the rate from bank deposits.

Assessing Experience:

1. Financial knowledge has been determined to be an important factor in helping people understand the risk of investing. How knowledgeable are you about investing?

- I have no or very little knowledge about investing.
- I have basic to moderate knowledge about investing.
- I am very knowledgeable about investing.

2. What types of investments have you held in the past or currently hold?

- Mutual funds.
- Shares.
- Bonds.
- Bank Deposits.

3. Have you held a position where financial knowledge and expertise was a core component in the last five years?

- Yes.
- No.

4. Composure is a measure of your emotional state when markets go up and down in value. How did the last financial downturn affect your investment behaviour?

- I have never experienced a financial downturn.
- No impact, I didn't make any changes to my investment plan.
- I saw opportunity and bought more shares.
- I was nervous and sold shares.

Free text to describe how you feel about investment risk:

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We can accept no liability for decisions based on your risk profile.

Name:

Signature:

Date:
