

Risk Profile Questionnaire

Confidential Document

IMPORTANT

Your Milestone Private Wealth Management, LLC advisor is required by law to make inquiries as to the level of service you are seeking, your investment objectives including your risk profile, financial situation, and particular needs.

A key consideration is understanding your investment requirements and your attitude to and tolerance of risk.

The following questionnaire has been prepared to help you consider the various investment risks and to understand how they impact on your personal circumstances. The questions define your attitude to security and the level of risk you are prepared to accept for your investments.

Please take the time to answer these questions as they will assist your financial advisor to develop an appropriate investment strategy that will meet your financial and lifestyle objectives.

Please note that you may decline to provide the information requested, but you should note that Milestone Private Wealth Management, LLC's recommendations and obligations will be limited accordingly and you will need to determine whether the advice provided suits your individual circumstances.



Identifying your investment profile

- 1. Which of the following best describes your current stage of life?**
- Client Partner
- a) Single with few financial burdens. Ready to accumulate wealth for future short term and long term goals. (5 points)
 - b) A couple without children. Preparing for the future by establishing a home. Expecting to have or already have a high purchase rate of household and consumer items. (3 points)
 - c) Young family with a home. You have a mortgage and childcare costs and maintain only small cash balances. (1 point)
 - d) Mature family. You are in your peak earning years and your mortgage is under control. You both work and you may or may not have children that are growing up or have left home. You're ready to start thinking about your retirement years. (5 points)
 - e) Preparing for retirement. You own your home and have few financial burdens; you want to ensure you can afford a comfortable retirement. (3 points)
 - f) Retired. You rely on existing funds and investments to maintain your lifestyle in retirement. You may already be receiving a Government pension and/or Superannuation pension. (1 point)
- 2. How familiar are you with investment matters?**
- a) Not familiar at all with investments and feel uncomfortable with the complexity. (1 point)
 - b) Not very familiar when it comes to investments. (2 point)
 - c) Somewhat familiar. I don't fully understand investments, including the sharemarket. (3 points)
 - d) Fairly familiar. I understand the various factors which influence investment performance. (5 points)
 - e) Very familiar. I use research and other investment information to make investment decisions. I understand the various factors which influence investment performance. (7 points)
- 3. How long have you been investing, not counting your own home or bank type deposits?**
- a) 5 years or more. (5 points)
 - b) Up to 5 years. (2 points)
 - c) This is my/our first investment. (1 point)
- 4. How long would you invest the majority of your money before you think you would need access to it? (Assuming you already have plans in place to meet short term cashflow and/or emergencies.)**
- a) In 2 years or less. (1 point)
 - b) Within 3 – 5 years. (3 points)
 - c) Within 6 – 10 years. (5 points)
 - d) Not for 10 + years. (7 points)

Identifying your investment profile

5. In some instances, growth can be obtained from investments but this means taking on more risk. Which of the following statements best describes your goal for investing?

- a) Preferably guaranteed returns, before growth. (1 point)
- b) Stable, reliable returns, minimal growth. (3 points)
- c) Some variability in returns, some growth. (5 points)
- d) Moderate variability in returns, reasonable growth. (7 points)
- e) Unstable but potentially higher returns, maximize growth (9 points)

6. Assume you had an initial investment portfolio worth \$100,000. If, due to market conditions, your portfolio fell to \$85,000 within a short period, say a month, would you: (If your portfolio has experienced a drop like this, choose the answer that corresponds to your actual behaviour.)

- a) Sell all of the investments. You do not intend to take risks. (1 point)
- b) Sell a portion of your portfolio to cut your losses and reinvest into more secure investment sectors. (3 points)
- c) Hold the investment and sell nothing, expecting performance to improve. (5 points)
- d) Invest more funds to lower your average investment price. (7 points)

7. If the value of your investments fell to \$60,000 over the next 12 months, would you: (If your portfolio has experienced a drop like this, choose the answer that corresponds to your actual behaviour.)

- a) Sell all of the remaining investment. (1 point)
- b) Sell a portion of the remaining investment. (3 points)
- c) Hold your investments and sell nothing, expecting conditions to improve. (5 points)
- d) Invest more funds. You can tolerate short term losses in expectation of future growth (7 points)

8. The table below shows the highest one-year gain and highest one-year loss on four different hypothetical investments of \$100,000. Given the potential gain or loss in any one year, where would you invest your money?

a) Investment Portfolio A	(1 point)				
b) Investment Portfolio B	(3 points)				
c) Investment Portfolio C	(5 points)				
d) Investment Portfolio D	(7 points)				

Investment Portfolio	A	B	C	D
Highest Gain	\$15,000	\$20,500	\$26,600	\$31,300
Highest Loss	-\$2,400	-\$6,400	-\$11,000	-\$14,600

Identifying your investment profile

9. Which one of the following statements describes your feelings towards choosing an investment?

- a) I would prefer investments with little or no fluctuation in value and have a low degree of risk associated with them. I am willing to accept the lower return associated with these investments. (1 point)
- b) I prefer to diversify with a mix of investments that have an emphasis on low risk. I am happy to have a small proportion of the portfolio invested in assets that have a higher degree of risk in order to achieve a slightly higher return. I am prepared to accept a negative investment return of 1 in 10 years. (3 points)
- c) I prefer to have a spread of investments in a balanced portfolio. I am happy to have a negative return of 1 in 7 years. (5 points)
- d) I prefer to diversify my investments with an emphasis on more investments that have higher returns, but still having a small amount of low risk investments. I am happy to accept a negative return of 1 in 5 years. (7 points)
- e) I would select investments that have a higher degree of investment price fluctuation so that I can earn higher long term returns. I am happy to accept a negative return of 1 in 3 years in order to achieve this goal. (9 points)

10. How secure is your current and future income from sources such as salary, pensions or other investments?

- a) Not secure. (1 point)
- b) Somewhat secure. (3 points)
- c) Fairly secure. (5 points)
- d) Very secure. (7 points)

Additional questions

Apart from your home, have you ever borrowed money to make an investment?

- a) Yes (% of your total assets) b) No

Would you consider borrowing money to make an investment?

- a) Yes b) No

If Yes, what is the maximum level of borrowing (gearing) you are prepared to accept as a percentage of your net assets (your equity)? %

Your score

Add up the points you scored for each answer. Based on the total points, you can compare your score with the range of Profiles described below.

Total points: Client Partner

Indicative Investor Profile	Score	Description
Conservative	0 – 18 points	You are a conservative investor who does not wish to take any investment risk. Your priority is to safeguard your investment capital. You are prepared to forego higher returns for peace of mind.
Balanced	19 – 40 points	You are a balanced investor with some understanding of investment market behaviour. You prefer a balance between capital growth and capital security. You are prepared to accept some short term risk in order to gain longer term capital growth.
Assertive (Growth)	41 – 52 points	You are an assertive investor who understands the movement of investment markets. You are most interested in maximizing long term capital growth, although you do not wish to make unbalanced investment decisions. You are happy to take calculated risks in order to maximize long term capital growth. Tax advantaged investments are a focus.
Aggressive	53 – 65 points	You are an aggressive investor with a strong bias towards investments with high growth potential. You are willing to accept higher performance fluctuations in return for potentially higher long term capital growth. You also have a greater focus on tax advantaged investments and/or leverage of your assets to further improve capital growth potential.
Very Aggressive	66 + points	You are an experienced or sophisticated investor. Security of capital is secondary to the pursuit of high investment returns. Your portfolio will comprise almost solely of growth assets and you are happy to accept the risks this involves.

Please remember that this questionnaire is designed to help you evaluate your risk profile and that given the answers to the above questions, your risk profile may be in the indicated sector.

If you feel comfortable with the analysis provided, then your Milestone Private Wealth Management, LLC advisor can use it to devise an appropriate investment portfolio. If you don't agree with the analysis, or want to ask more questions about it, please discuss it with your Milestone Private Wealth Management, LLC advisor.

I hereby acknowledge that the above investment risk stance is consistent with my investment risk requirements and profile. I have had the concept of investment risk explained to me and am happy to proceed on this basis.

Or

The above investment risk stance is not consistent with my risk requirements and profile which I hereby nominate to be.

Please proceed on this basis.

(Signature of Client)

(Signature of Partner)

Print name	Date
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Print name	Date
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