



Risk Profile

PRIVATE & CONFIDENTIAL

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Prepared for

CLIENT 1: _____

CLIENT 2: _____

Date completed: _____

Prepared by

ADVISER NAME: _____

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RISK PROFILE

An important part of the financial planning process is undertaking your personal risk profile within the initial “Fact Find” stage. The assessment of your risk profile is central to the recommendation and selection of investment solutions to best meet your current needs and future aspirations.

Carefully read the questions and select the answer you most agree with:

1. How much knowledge do you have of investment markets?

	Client 1	Client 2
I don't have any knowledge about investment markets.	1	1
I have a small amount of knowledge about investment markets.	2	2
I have a small amount of knowledge and keen to know more.	3	3
I have some knowledge about investment markets and occasionally hear or read about them and understand that returns can vary.	4	4
I actively read about the markets and understand that investment sectors or assets have different returns and risks.	5	5

2. What are you looking for in an investment?

I do not want to lose any money – ever!	1	1
I prefer a regular income and to protect my capital.	2	2
I want a mixture of growth and income from my investment.	3	3
I am looking to generate long term capital growth instead of income.	4	4
I am prepared to accept risk and sacrifice income to get more capital growth.	5	5

3. How long are you planning to invest the majority of your money for before spending it (including after your retirement)?

Less than 2 years	1	1
2 to 4 years	2	2
4 to 7 years	3	3
7 to 10 years	4	4
More than 10 years	5	5

4. An investment you have made recently in a popular and well known share has fallen in value (by 20%). What would you do?

I would lose confidence in investing in growth assets totally.	1	1
Sell the investment immediately so I don't lose any more money.	2	2
Do nothing because I feel that it will rise in value again.	3	3
Put in more money now, while values are down to get a bargain.	4	4
Actively pursue further funds to invest including using borrowed funds.	5	5

5. Given the choice between more security (less risk) and higher returns, would you choose security even if this means inflation may erode the purchasing power of your investment?

Strongly agree	1	1
Agree	2	2
Not sure	3	3
Disagree	4	4
Strongly disagree	5	5

6. When making an investment, risk and return go together. Investments that produce above average returns have above average risk. How much of the funds you have available for investment would you be willing to place in investments where both returns and risks are expected to be above average (e.g. shares)?

None	1	1
Up to 25%	2	2
25% – 50%	3	3
50% – 75%	4	4
Over 75%	5	5

7. How often would you be prepared to tolerate a negative return to receive higher returns?

Never	1	1
One year in ten	2	2
One year in seven	3	3
One year in four	4	4
One year in three	5	5

8. How would you prefer to invest your money to meet your future investment objectives?

I want a guarantee that my money is absolutely safe and will ignore inflation.	1	1
I prefer investments that show steady income in excess of inflation.	2	2
I prefer investments that show some growth with income to beat inflation, so some risk is alright.	3	3
I prefer a mix of investments, with some income, moderate growth plus more risk for the chance of higher returns.	4	4
I want an aggressive mix of investments, with lots of growth with much higher risk and the chance of very high returns.	5	5

9. Would you accept a short term drop in your investment values for the opportunity of stronger returns over the long term?

Absolutely under no circumstance.	1	1
Potentially but only subject to specific circumstances in my life at that point in time.	2	2
Yes but as long as the drops were small and the possible returns in the future are high.	3	3
Yes because I understand this is part of the risk associated with achieving higher returns.	4	4
Absolutely yes because I am investing for the long term and see any drops in investment values as an opportunity to invest more funds.	5	5

10. What degree of risk have you taken with your financial decisions in the past?

Very small	1	1
Small	2	2
Medium	3	3
Large	4	4
Very large	5	5

Assessed Score		
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RISK PROFILE

Qualitative questions

These qualitative questions will help your adviser to confirm their understanding of how you view risk. The answers to your questions will be recorded and attached to your completed and signed Fact Find document.

Please complete the following fifteen questions honestly.

1. What does money mean to you?

2. How much money is enough money for you?

3. What do you understand by the word "risk"?

4. Would you be prepared to take more risk to have more money and how much risk would you be willing to take to have more money?

5. When it comes to taking risk with your money, what are you afraid of, or what scares you by taking on more "risk"?

6. What is more important to you, having more income from your investments or having more capital growth in the value of your investments – and why?

7. What is more important to you, to save, to spend or to invest – and why?

8. If you saved \$1 Million dollars, what would you do with it and why?

9. If I gave you \$1 Million dollars, what would you do with it and why?

10. If I gave you \$100,000 dollars instead, what would you do with it and why?

11. How good are you at saving and how do you achieve your savings?

12. How good are you at spending and how do you choose to spend?

13. "Risk is a fear which disappears over time and as you become more educated about your money, your investments and what you want to get out of your life". If this statement were true, would you be willing to take on more risk and why?

14. "Investing is a choice which evolves over time. As you become more educated about investments, your desire for income, your interest in capital growth and the impact of tax on what you get from your investments will change over time". If this statement is true, what kind of investor do you want to be and why?

15. Beyond thinking about money, taking investment risks or getting higher financial returns – what are your life goals and lifestyle aspirations? OR What lifestyle returns do you need to have a truly fulfilled life and what life risks are you willing to take to have the ideal life you want? What does money mean to you?



RISK PROFILE

What type of investor are you?

After you have calculated your risk profile score and completed the questionnaire, please consider the description of each investment type, to ensure the profile indicated is in line with your own beliefs.

Risk Profile (Score)	Growth / Income Split	Investor Type and Description
Conservative Score 0 to 13	10% Growth Assets with 90% Income Assets	This is an income-focused portfolio that has a small exposure to growth assets (up to 10%). The main emphasis is on generating income, with some capital risk to achieve overall portfolio growth. It is expected to have a low fluctuation in short-term value, with some small shorter-term capital risk. The income generated by the portfolio may have a small tax benefit from some share dividend franking credits. It is suited to an investor who either seeks a high level of income or has a relatively short investment time frame.
Moderately Conservative Score 14 to 20	30% Growth Assets with 70% Income Assets	For investors who are seeking an income stream with some capital growth attached. It has a high exposure to fixed income securities, but also includes exposure to share and property markets. It is suited to medium-term investors who are seeking a reasonable degree of capital stability, but who also want to protect their assets from inflation. Some tax relief on income may be available from franking credits.
Balanced Score 21 to 30	60% Growth Assets with 40% Income Assets	Using a slightly higher exposure to growth assets than income assets, this portfolio is expected to have lower short-term fluctuations in value than the other growth-based investment portfolios. Its aim is to produce capital growth in a medium- to long-term time frame. It has a “balanced” exposure to shares, property, and fixed income assets, while the income generated by the portfolio may be partially tax effective.
Growth Score 31 to 45	70% Growth Assets with 30% Income Assets	A growth-oriented portfolio that is best suited to long-term investors. A small income exposure should slightly reduce the shorter-term fluctuations of the portfolio’s value. It is best suited to a long-term investor who can accept some investment risk over the long run. The income stream may be partially tax effective, and the portfolio has a high exposure to share and property to provide long-term investment growth.
High Growth / Aggressive Score 46 to 50	90% Growth Assets with 10% Income Assets	A growth-based portfolio with minimal exposure to income assets. It has a strong emphasis on maximising capital growth over the long term. The portfolio is likely to produce minimal tax effective income. Investors should expect high short- term fluctuations in values and a higher chance of capital loss. However, they are prepared to accept this to achieve their long-term investment objective.

Asset Classes	Risk Profile ^[1]				
	Underlying Asset Class Exposure				
	Conservative	Moderately Conservative	Balanced	Growth	High Growth
Cash ^[2]	45%	25%	15%	10%	5% ^[3]
Fixed Interest ^[2]	45%	45%	25%	20%	5% ^[3]
Australian Shares	5%	10%	25%	30%	45%
International Shares	-	10%	20%	25%	45%
Listed Property	5%	10%	15%	15%	0%
Other	-	-	-	-	-

[1] Asset Class allocations have a tolerance of +/- 10% with any overall or sub-asset allocations variances to be explained in advice documents.

[2] Exception: A Conservative Portfolio can arbitrarily allocate funds between the Cash and Fixed Interest classes.

[3] Exception: if margin lending/gearing is an appropriate strategy, the target defensive allocation should be around 5% Cash to allow for liquidity. Where required, you can allot the fixed interest allocation towards growth assets to meet the client objectives.



RISK PROFILE

What type of investor are you?

Assessed Risk Profile(s)

Client 1

Score: _____

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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Client 2

Score: _____

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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Assessed vs. Agreed Risk Profile

If the questionnaire indicated you have a higher or lower risk tolerance than may be required order to meet your stated financial goals and objectives, we may recommend you implement a different Risk Profile. In the case where we recommend you should “Dial up” or “Dial down” your risk profile / tolerance, we will discuss this, and any risks associated with you prior to undertaking this change.

Remember, this questionnaire is only a guide. If you are not comfortable with the recommended profile, (or you and or your partner have different profiles) we can start with a lower risk profile and review it over time as you become more comfortable with investment markets. However, please be aware that risk and return are closely related, so by choosing a lower or higher risk profile will impact your investment returns over the short, medium, and long term and this may impact your financial returns and objectives overall.

Notes: If the Assessed and Agreed Risk Profiles differ; note the reasons WHY and how this appropriate for the client(s).

Investment Preferences

Note the education / discussions held relating to using specific asset(s), classes of products, investment style(s) or management preferences. Specifically note all investment cost discussions held, any related cost implications and the client’s willingness to pay (more/less) where appropriate (where possible identify in % or \$ terms).

Notes

Super versus Non-Super Investments

If the questionnaire or discussion held indicated that the client(s) have differing risk profiles for “pools” of assets, such as super versus non-super assets, identify and explain reasons below. If clients hold JOINT assets and these vary from their individual risk profile, also note the discussion, and agreed profile below.

Notes



RISK PROFILE

What type of investor are you?

Select the Agreed Risk Profile(s) below:

Superannuation / Pension / SMSF Member Profile

Client 1

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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Client 2

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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Non-Superannuation Assets (including joint assets)

Client 1

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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Client 2

Conservative <input type="checkbox"/>	Mod. Conservative <input type="checkbox"/>	Balanced <input type="checkbox"/>	Growth <input type="checkbox"/>	High Growth (Aggressive) <input type="checkbox"/>
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I / We confirm that the details recorded in this questionnaire are correct and reflect my / our true financial position and Agreed Risk Profile.

I / We provide our signature below in acknowledgement for our adviser's records.

Name: _____ **Signature:** _____ **Date:** _____

Name: _____ **Signature:** _____ **Date:** _____