

RISK PROFILE SELF-ASSESSMENT

The questionnaire below is a simple exercise that can give you a starting point for understanding your own risk profile and tolerance when it comes to investing. My view is that with education and a better understanding of investments, your risk profile should progress towards high growth rather than defensive, especially if you have time on your side.

1. **How long do you expect to be able to invest before you need access to your money?**
 - a. Less than one year
 - b. One to three years
 - c. Three to seven years
 - d. Greater than seven years

2. **Have you invested in shares and/or property before?**
 - a. No
 - b. Yes, but I have only a limited understanding
 - c. Yes, I understand the concept of holding a share/property portfolio
 - d. Yes, I full knowledge of holding a share/property portfolio

3. **How concerned are you about inflation eroding your investment portfolio's growth?**
 - a. Not concerned as I will only invest in cash
 - b. Somewhat concerned
 - c. Concerned
 - d. Very concerned

4. **While sharemarkets have always trended upwards over the long term, they do drop from time to time. What level of reduction of the value of your investment portfolio or superannuation savings are you prepared to accept in a year?**
 - a. None
 - b. Up to 10 per cent
 - c. Between 10 and 20 per cent
 - d. More than 20 per cent

5. **Investment risk summary: Which of the following do you feel best describes you?**
 - a. Security of capital is essential to me as I never want to see a negative return
 - b. A small degree of risk would be acceptable for a slight increase in potential returns
 - c. A moderate degree of risk would be acceptable in return for the potential for increased returns
 - d. A high degree of risk is acceptable to me as I always invest for the long term and understand how markets work and that they can be volatile.

Based on your answers to these questions, you can grade your approximate attitude to risk on the following scale:

ONLY (A)	CONSERVATIVE	For investors who mainly want preservation of fixed assets (cash, fixed incomes, bonds etc).
MAINLY (A) and (B)	MODERATELY CONSERVATIVE	For investors who want a more diverse mix of assets, however still being cautious.
MAINLY (B) and (C)	BALANCED	For investors who want a balanced level of security and growth.
MAINLY (D)	GROWTH	For investors who are willing to invest more in growth assets and have the possibility of a higher investment return in return for greater risk or volatility.
ONLY (D)	HIGH GROWTH	For investors who are more knowledgeable in their investing, relying on high growth assets to potentially provide larger returns in the long term.