

C o n f i d e n t i a l



Lifespan Financial Planning Pty Ltd ABN 23 065 921 735  
Australian Financial Services Licence No 229892

# RISK PROFILE QUESTIONNAIRE

<b>Client</b>	
<b>Adviser</b>	
<b>Date of Interview</b>	

**Privacy Policy:** At Lifespan Financial Planning we recognise that your privacy is very important. Our business is governed by legislation protecting your personal information, including the Privacy Act 1988 and National Privacy Principles established under the Privacy Amendment (Private Sector) Act 2000. We have adopted the Privacy Policy developed by Lifespan Financial Planning a copy of which is on our website or available upon request.

**Important Notice to Clients:** Corporations Law requires that in order to make an investment or insurance recommendation, the adviser must have reasonable grounds for making a recommendation. This means that the adviser must conduct an appropriate investigation as to the investment objectives, financial situation and particular needs of the person concerned. The information requested in this form is necessary to enable a recommendation to be made on a reasonable basis and will be used for that purpose.

## PRELIMINARY INVESTOR PROFILE

<p><b>Cash</b></p> <input type="checkbox"/>	<p>100% Capital Secure – I am satisfied with a cash rate of return. I do not wish to take any investment risk.</p>
<p><b>Conservative</b></p> <input type="checkbox"/>	<p>I do not wish to take any investment risk with the majority of my funds. I am prepared to expose up to 30% of my funds to the volatility of the investment markets for the possibility of achieving higher returns on this portion of my portfolio. I am satisfied with a cash rate of return for the remainder of my funds. I may have a short-term investment horizon (less than 3 years) for the majority of my funds.</p>
<p><b>Moderately Conservative</b></p> <input type="checkbox"/>	<p>I seek a combination of income and moderate growth on my investments. I am prepared to expose up to 50% of my funds to the volatility of the investment markets for the possibility of achieving higher returns on this portion of my portfolio. I am satisfied with a cash rate of return for the remainder of my funds. I have an investment horizon of at least 3 years for the majority of my funds.</p>
<p><b>Balanced</b></p> <input type="checkbox"/>	<p>I seek a combination of income and strong growth on my investments. I am prepared to expose up to 70% of my funds to the volatility of the investment markets so long as my portfolio is well-diversified across growth assets. I understand that my funds may experience capital loss in the short term and I am prepared to invest for the long term (5 years or more).</p>
<p><b>Growth</b></p> <input type="checkbox"/>	<p>I seek a very high rate of return with a focus on capital growth and less emphasis on income. I am prepared to expose up to 90% of my funds to growth assets so long as my portfolio is well diversified within these asset classes. I understand that my funds may experience capital loss in the short term and I am prepared to invest for the long term (5 years or more).</p>
<p><b>High Growth</b></p> <input type="checkbox"/>	<p>I seek a very high rate of return with a focus on capital growth and I am prepared to expose up to 100% of my funds to growth assets so long as my portfolio is well diversified within these asset classes. I understand that my funds may experience capital loss in the short to medium term and I am prepared to invest for 7 years or more.</p> <p><input type="checkbox"/> <i>I am also prepared to borrow funds as a way of having more capital to invest (ie; you are prepared to purchase geared investments).</i></p> <p><i>I understand that my funds may experience capital loss in the short to medium term and I know that I should take a long-term view to give myself the best chance of recouping my borrowing expenses and of achieving satisfactory returns for the risk. I am prepared to invest for 7 years or more. I am entirely comfortable with the behaviour of equity and property markets and I accept that borrowing to invest may compound capital losses.</i></p>

## RISK PROFILER: YOUR ATTITUDE TO INVESTING

The Risk Profiler is a tool that can assist you in determining your tolerance to risk and how that relates to particular investments. Your risk profile is **not** the only information you should take into account before making an investment decision. These tools do not take into account your individual investment objectives, financial situation or particular needs.

Because of this, before making any investment decision you should consider whether the funds matched to your risk profile are appropriate in light of your individual investment objectives, financial circumstances and needs. This may include your need to access funds, any pre-existing financial commitments you may have and what other financial assets that you own.

This Risk Profiler questionnaire poses a series of questions and assigns a weighting (score) against your responses. Your overall score will reflect your approximate Risk profile based on certain industry standards.

**Question 1: Accessibility of your Funds - Desired Liquidity.** *Based on your stated goals, how long do you envisage these funds can be invested before you require access to them?*

1.  Less than one year   2.  1 – 3 years   3.  3 to 5 years   4.  more than 5 years

**Question 2: Your desired rate of return.** *What annual rate of return do you expect your investments to achieve in order to satisfy your previously stated goals?*

1.  Less than 5%   2.  5% – 10%   3.  more than 10%

**Question 3: Your attitude to Capital Risk.** *Which response best describes your attitude toward investing?*

1.  The safety of my capital is of primary importance to me. I am happier to achieve a lower rate of return rather than risk any loss of my capital
2.  I would like the value of my capital to remain relatively stable but it is important that my investments meet my income requirements
3.  I understand that the value of my investments may fluctuate and I am willing to accept this variation in my capital value as a necessary price for the potential of achieving higher returns over the longer term
4.  I am willing to accept a high degree of risk for the potential of achieving a higher rate of return.

**Question 4: Your concerns about inflation.** *How concerned are you that the purchasing power of your investments and savings may be eroded by the effects of inflation?*

1.  Not concerned   2.  Slightly concerned   3.  Moderately concerned   4.  Very concerned
5.  Highly concerned

**Question 5: Your concerns about Legislative Risk.** *Investors often aim to qualify for government benefits or are concerned with achieving tax advantages. By arranging their financial affairs specifically to meet these ends, they run the risk that changes to government legislation may create a situation whereby they may have been better off if they had not designed their financial affairs in this manner. **Taking this into consideration, would you take the risk of rearranging your investments and circumstances to qualify for government benefits or to obtain tax advantages?***

1.  If there is any chance I would be worse off, I would not rearrange my investments and financial circumstances.
2.  If there is only a small chance I would be worse off, I would be willing to rearrange my investments and financial circumstances.
3.  Where changes to government legislation are being considered I would be willing to rearrange my affairs in order to safeguard my financial circumstances.
4.  If I can be better off now, I would be willing to rearrange my investments and financial circumstances regardless of any future legislative changes that may or may not occur.

**Question 6: Your investment knowledge & experience.** *How familiar are you with Investment Markets?*

1.  No experience at all
2.  Not very familiar
3.  I understand that markets fluctuate and that different market sectors have different income, growth and taxation characteristics. I recognise the importance of diversification to smooth the investment journey.
4.  Experienced with all investment sectors and understand the various factors which may influence investment performance.

**Question 7: Your concern about volatility - the variability of your investment's rate of return and indeed the risk of a negative return on investment.** *What would be your maximum tolerance to a reduction in your investment value in any given 12-month period? (For example: If you start the year with \$100,000 and suffer a 20% reduction during the year you would end the year with an investment worth \$80,000); with this in mind, consider the responses below*

1.  0%
2.  1% to 15%
3.  16% to 20%
4.  More than 20%

**Question 8: Your investment preferences – Asset allocation.** Which of the following statements best describes your attitude towards investing?

- 2.  I would only select investments that have a low degree of risk.
- 4.  I would prefer a diversified mix of low risk investments but am willing to invest a small portion of my overall portfolio with a higher degree of risk in order to potentially achieve a slightly higher return. I am prepared to accept a negative investment return approximately once every nine years.
- 6.  I would prefer to have a spread of investments in a balanced portfolio. I am prepared to accept a negative investment return approximately once every seven years.
- 8.  I would prefer a diversified investment portfolio with an emphasis on higher returns but still maintain a small number of low risk investments. I am prepared to accept a negative investment return approximately once every five years.
- 10.  I would only select investments that have a higher degree of risk with the potential to earn a higher rate of return. I am prepared to accept a negative investment return approximately once every three years to achieve this goal.

**Result (Your Score):** \_\_\_\_\_

Total the numbered answers you have given to the questions above and record the total. This score will give us a starting point from which to consider your Risk Profile.

## RISK PROFILER RESULTS

### SCORE

**9 to 13**  **Cash Management** - Your responses indicate an extremely low tolerance to investment risk or, alternatively, you have a short investment time frame. The only appropriate investment for this risk profile or time frame is a cash-based investment such as bank accounts, cash management trusts and term deposits.

**14 to 18**  **Conservative** - As a Conservative investor, you really don't like risk. Your risk profile suggests you are most concerned with keeping what you have. As a result, you are prepared to accept lower returns to reduce the risk of losing capital. Based on your risk profile you would generally prefer an investment mix that is positioned defensively to produce a stable return with a higher proportion invested in bonds and cash and a smaller proportion of money in shares and property investments. *Minimum Investment Term: 2 years*

**19 to 23**  **Moderately Conservative** - As a Moderately Conservative investor, you seek consistent returns using a steady growth strategy. Your risk profile suggests you want some potential for capital growth, but prefer not to have large fluctuations in short term performance. Based on your risk profile, you would generally prefer a diversified portfolio with a balance of defensive assets, such as bonds and cash and growth assets such as shares and property. *Minimum Investment Term: 3 years*

**24 to 28**  **Balanced** - As a Balanced investor, you seek a portfolio that will give you the best opportunity to achieve your medium to long term financial goals. Your risk profile suggests you are prepared to experience short term fluctuations in performance for potentially higher returns over the long term. Based on your risk profile, you would generally prefer a diversified portfolio with a bias towards growth assets such as shares and property. *Minimum Investment Term: 5 years*

**29 to 33**  **Growth** - As a Growth investor, you focus on assets with greater growth potential. Your risk profile suggests you are prepared to accept short term fluctuations in performance for potentially greater returns over the longer term. Based on your risk profile, you would generally prefer a diversified portfolio with a strong bias towards growth investments such as shares and property. *Minimum Investment Term: 5 years*

**34 and over**  **High Growth** - As a High Growth investor, you are prepared to compromise portfolio balance to pursue potential long term gains. Your risk profile suggests you acknowledge there will be short term fluctuations in performance and are comfortable to invest in high risk investments. Based on your risk profile you would generally prefer a portfolio comprising solely growth assets such as shares and property. *Minimum Investment Term: 7 years*

## Your Strategic Asset Allocation - Investor Profile (Please tick the appropriate Investor Profile)

Asset Class	Risk Profile – Core Portfolios						Risk Profile - Portfolios with Alternatives				
	<input type="checkbox"/> Cash	<input type="checkbox"/> Conservative	<input type="checkbox"/> Moderately Conservative	<input type="checkbox"/> Balanced	<input type="checkbox"/> Growth	<input type="checkbox"/> High Growth	<input type="checkbox"/> Conservative	<input type="checkbox"/> Moderately Conservative	<input type="checkbox"/> Balanced	<input type="checkbox"/> Growth	<input type="checkbox"/> High Growth
	%	%	%	%	%	%	%	%	%	%	%
Australian Equities	0.00	16.00	27.00	37.00	43.50	46.00	11.10	20.00	27.50	35.00	41.00
International Equities	0.00	10.00	18.00	26.00	38.50	46.00	6.40	12.00	17.00	26.00	31.00
Listed Property & Infrastructure	0.00	4.00	5.00	7.00	8.00	8.00	3.50	4.50	6.00	7.00	7.00
Alternatives	0.00	0.00	0.00	0.00	0.00	0.00	7.00	10.00	15.00	17.00	16.00
Diversified Growth	0.00	0.00	0.00	0.00	0.00	0.00	2.00	3.50	4.50	5.00	5.00
<b>Growth Exposure</b>	<b>0.00</b>	<b>30.00</b>	<b>50.00</b>	<b>70.00</b>	<b>90.00</b>	<b>100.00</b>	<b>30.00</b>	<b>50.00</b>	<b>70.00</b>	<b>90.00</b>	<b>100.0</b>
Australian Fixed Interest	0.00	35.00	22.00	15.00	8.00	0.00	28.00	20.00	12.00	8.00	0.00
International Fixed Interest	0.00	5.00	4.00	3.00	0.00	0.00	14.00	10.00	6.00	0.00	0.00
Cash	100.00	30.00	24.00	12.00	2.00	0.00	28.00	20.00	12.00	2.00	0.00
<b>Defensive Exposure</b>	<b>100.00</b>	<b>70.00</b>	<b>50.00</b>	<b>30.00</b>	<b>10.00</b>	<b>0.00</b>	<b>70.00</b>	<b>50.00</b>	<b>30.00</b>	<b>10.00</b>	<b>0.00</b>

### Strategic Asset Allocation – Portfolios Historical Returns (Core Portfolios) / Period: 31 December 1998 to 31 December 2018

	Cash	Conservative	Moderately Conservative	Balanced	Growth	High Growth
Annual Return - %	4.4	6.1	6.4	6.8	7.0	7.2
Annual Average Real Return - %	1.8	3.5	3.8	4.2	4.4	4.5
Worst 1 year Return - %	1.7	-2.4	-10.6	-18.1	-26.8	-31.2
Best 1 Year Return - %	7.8	11.8	17.1	22.8	29.7	33.5
Chance of negative return - 1 year in x years	0.0	30.1	8.6	5.6	4.3	3.7
Probability of negative return - %	0.0	3.3	11.6	17.4	23.2	27.0

*The above table shows the actual historical annual returns on Mercer's five Model Risk Portfolios (Cash Portfolio excluded). The returns are calculated using the current Mercer's Strategic Asset Allocation (SAA), which may slightly differ from the Lifespan's SAA.*

### Asset Classes – Historical Returns / Period: 31 December 1998 to 31 December 2018

	Australian Shares	Global Shares	Direct Property	Global REITS	Alternatives Real (Infrastructure & Utilities)	Alternatives Absolute	Fixed Interest	Cash	CPI
Annual Return - %	7.9	3.6	10.1	10.3	5.3	1.9	6.1	4.4	2.6
Annual Average Real Return - %	5.3	1.0	7.5	7.7	2.7	-0.7	3.5	1.8	0.0
Worst 1 year Return - %	-40.5	-33.4	-12.9	-57.9	-27.8	-23.1	-1.5	1.7	1.1
Best 1 Year Return - %	45.1	48.0	21.6	76.8	55.7	44.1	12.8	7.8	6.1
Chance of negative return - 1 year in x yrs	4.6	3.1	13.4	5.7	2.8	2.7	60.3	0.0	0.0
Probability of negative return - %	21.6	32.4	7.5	17.4	36.1	36.9	1.7	0.0	0.0

*Approximation methods were used when there was lack of long-term performance data for some asset classes. Proxies have also been used when indices were not available.*

**The returns on this page should be used as a guide only and should not be considered a definitive representation of long-term historical performances.**

