

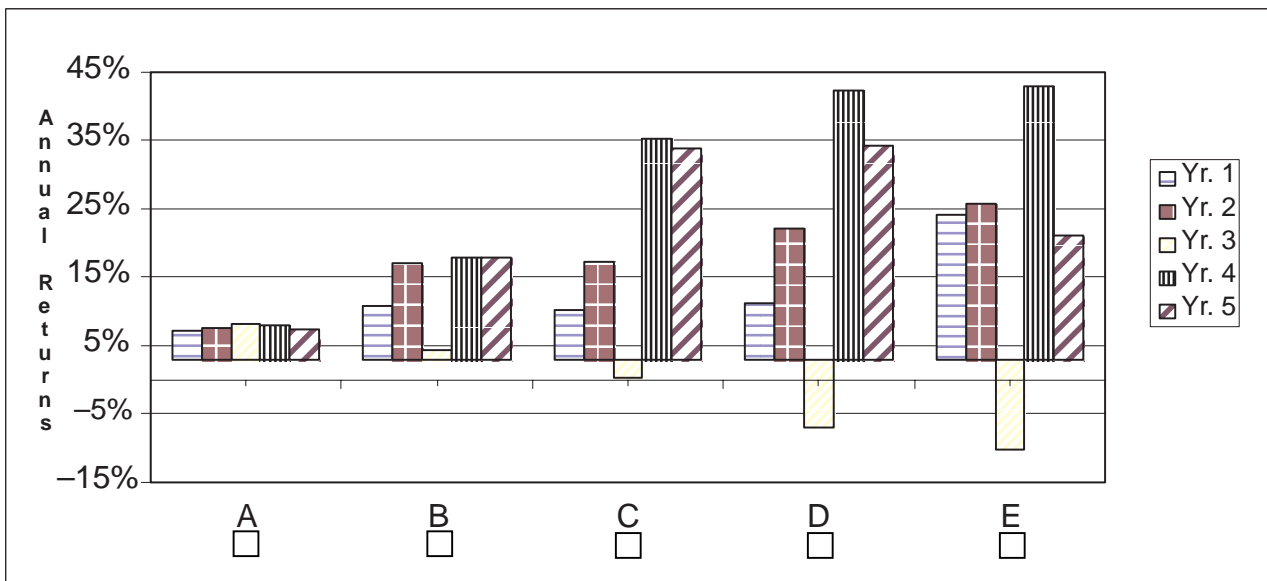
CLIENT RISK TOLERANCE PROFILE

The following tasks or questions are designed to help us understand how you feel about putting your investments at risk. There are no "right" answers to these questions. The correct responses are totally based on your feelings. They provide a beginning point for our future discussions about Risk and Loss.

PART I: Select the one answer that most resembles your attitude toward investing:

- I don't want to lose any of my principal under any circumstances, no matter how low my return!
- While I don't want to risk my principal, I want more income than CDs or Money Markets pay.
- If I can get average yields from bonds, it's not worth suffering through the ups and downs of the stock market.
- Although stocks will earn better returns than other types of securities, I will forgo some future gains in order to earn a steady stream of income.
- I need predictable income for living expenses, but I consider it essential to have some funds invested where they have the potential for growth.
- I believe in the power of compounding income and the potential for gain from stocks and want a combination of the two, even if that means periodic losses.
- Solid companies in stable businesses should give good results with a level of risk I can tolerate.
- Smaller is better in the long run. Small companies' stocks may experience more short-term losses but they will reward me with the best long-term results.
- I believe that I can select good companies to own and enjoy the thrill and challenge of ferreting out attractive stocks.
- Higher risk investors will generally earn higher returns, and I want the potential of higher returns even if it means experiencing significant losses for extended periods of time.

PART II: Five portfolios are depicted below showing their annual percentage return over five successive years. If all of your investments were invested using one of these strategies, which one would you prefer? A B C D or E (check one)



PART III: Assume you have been presented with two sets of decisions about an investment option. How you got the money or how much you invested is not material. The emphasis is on the two different sets of outcomes. For each of these two decisions, check the option you would choose:

Decision 1 - Choose between:

- a. A sure gain of \$25,000
- b. A 25% chance of winning \$100,000 and a 75% chance of winning nothing

Decision 2 - Choose between:

- a. A sure loss of \$75,000
- b. A 75% chance of losing \$100,000 and a 25% chance of losing nothing

PART IV: Portfolio Characteristics

This section lets you tell us what you value in a portfolio. We have listed the five characteristics any investment or portfolio can reflect. Identify the importance you place on each characteristic by circling the number which best indicates your set of priorities. Let 5 indicate great importance and 1 indicate little importance.

Use two sets of constraints in your scoring. First, **Safety of Principal and Growth should total six**. Second, make the necessary adjustments so that **the total for the five characteristics totals 14**. This means that you should allocate the remaining eight points among the last three characteristics. If you have questions or observations about any of the characteristics, please note those in the Comment section.

Characteristic	Degree of Importance	Comments
Safety of Principal	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>	
Growth	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>	
Current Income	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>	
Liquidity	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>	
Tax Reduction	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>	
Total (should be 14)		

PART V: General Portfolio Objective: Which statement best describes your investment objective? (Check one)

- Capital Preservation** - The safety of investments is most important. Even though the returns may be low, the risk level should mean virtually no chance of losing my money.
- Income** - My main concern is receiving income with some modest growth of my assets.
- Growth & Income** - My main concern is with the growth of my portfolio with only a small emphasis on portfolio income. Investments could include stocks, bonds and cash for diversification and risk management.
- Growth** - My only concern is with the growth of my portfolio, even if this means that my portfolio will experience more "ups and downs" during market cycles.
- Aggressive Growth** - I really want my portfolio to grow aggressively. While this may result in violent swings in value (including periods of major losses), I want to "beat the market" over time.

PART VI: Return and Risk Expectations

What would you consider to be a "reasonable annual rate of return" after your money has been invested over a long period of time? _____ per year

Your tolerance for risk can best be described as:

- I can tolerate more than one year of negative absolute returns through difficult phases in a market cycle.
- I can tolerate two or three quarters of negative absolute returns through difficult phases in a market cycle.
- I can tolerate infrequent, very moderate losses through difficult phases in a market cycle.

What is the maximum loss (or minimum rate of return) you could tolerate in any one year, expressed as a % of your portfolio - (i.e., 2%, 0%, -2%, -5%, -10%)? _____

PART VII: Investment Objective Analyzer

Please select the answer that fits you the best for each question on the next two pages, marking the appropriate box. There are no "right" or "wrong" answers. Everyone has his or her own level of investment knowledge and experience, as well as the level of risk they're willing to take.

1. What is your age?

- 30 years or under
- 31-49
- 50 and above

2. What do you expect to be your next major expenditure?

- Buying a house
- Paying for a college education
- Capitalizing a new business
- Providing for retirement

3. When do you expect to use the bulk of the money in your investments?

- At any time now...so a high level of liquidity is important
- Probably in the next 1-5 years
- In 6-10 years
- Probably in 11-20 years
- In more than 20 years

4. Over the next several years, you expect your annual income to:

- Stay about the same
- Grow moderately
- Grow substantially
- Decrease moderately
- Decrease substantially

5. Due to a general market correction, one of your investments loses 14% of its value a short time after you buy it. What do you do?

- Sell the investment so you won't have to worry if it continues to decline
- Hold on to it and wait for it to climb back up
- Buy more of the same investment...because at the new low price, it looks even better than when you bought it

6. Which of these plans would you choose for your investment dollars?

- You'd go for maximum diversity, dividing your portfolio among a large variety of investments, including those ranging from highest return/greatest risk to lowest return/lowest risk
- You're concerned with simplicity, so you would simply divide your portfolio between two investments, each with above average return and risk
- You would put your investment dollars into the investment with the highest rate of return and most risk

7. Assuming you're investing in a stock mutual fund, which one do you choose?

- A fund with companies with potential to make significant technological breakthroughs, and whose stocks are still at their low initial offering prices
- A fund that only invests in established, well known companies that have a potential for continued growth
- A fund devoted to "blue chip," highly diversified stocks that pay dividends

8. Assuming you're investing in only one bond, which bond do you choose?

- A "junk bond" that pays a higher rate than the next two bonds, but also gives you the least sense of security with regard to a possible default
- A "treasury bond" which pays the lowest interest of these first three bonds but is backed by the United States Government
- The bond of a well established company that pays a rate of interest somewhere between the first two bonds
- A "tax-free bond" since minimizing taxes is a major concern

9. Indicate the importance you place on actually receiving income from your investments, right now:

- Essential and must be known
- Essential but willing to accept uncertainty about the amount
- Important but other factors also influence
- A modest amount is desirable
- I don't currently need income from my investments

10. Your advisor expects inflation to return and suggests that you invest in "hard assets" such as gold, oil & gas, or real estate, which have historically provided a hedge against inflation. Your only financial assets are long-term bonds. What do you do?

- Ignore the advice and hold onto the bonds
- Sell the bonds, putting half the proceeds into hard assets and the other half into money market funds
- Sell the bonds and put all of the proceeds into hard assets
- Sell the bonds, not only put all of the proceeds into hard assets, but you borrow additional money so you can buy even more hard assets



11. Your friend is starting a new Internet consulting business and has given you the opportunity to invest. The chance of the business surviving and returning your investment is only 10%. But, if the operation is successful, you could earn 40% on your investment. How much do you invest?

- Nothing at all
- One months' salary
- Three months' salary
- Six months' salary

12. You have just reached the \$10,000 plateau on a popular TV game show. Now you must choose between quitting with the \$10,000 in hand or betting the entire \$10,000 on one of three alternative scenarios. Which one do you choose?

- The \$10,000...you take the money and run!
- You win \$20,000 if you guess right on the flip of a coin
- You win \$50,000 if you guess the right box out of five boxes
- You win \$100,000 if you guess the right number between 1 and 10

"Thought Questions"

How much would you like to have uninvested and available for emergencies? _____

Are there factors or conditions that you feel would affect your life expectancy more positively or negatively than what might be considered normal?

How would you characterize the Stability of 1) your Industry, 2) your Company, and 3) your Income?

By what percentage do you feel your earnings will increase or decrease annually over the next five years? What are the key factors that will have a bearing on this?

To what extent are you pleased with your ability to manage and shelter your income from taxes?

To what extent are you pleased with the diversification and performance of your portfolio?

What's the best investment and the worst investment you have ever made?

Best:

LOOK TO THE HORIZON

Worst:

Are there any investments that you would be reluctant to sell (for past performance, family, or social reasons)? If yes, which ones?

Are there any investments that you would be reluctant to buy or own (for reasons similar to the previous question)? If yes, which ones?

What have you accomplished in your financial life that makes you feel good about yourself?

What, if anything, about your finances causes you to lie awake at night?

What are the things in your financial life that you wish you had done differently, or actually cause you to feel a bit embarrassed to discuss?

What financial activities are you expecting our firm to carry out for you?

What financial activities are you going to prefer to carry out yourself?

Completed By: _____
(Client Name – Please Print)

Date Completed: _____

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