Risk Profile Questionnaire

Sterling Private Wealth · Client: **Pending applicant**
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Please tick your answers to the questions in the appropriate boxes. The purpose of this questionnaire is to clearly establish your own personal views and understanding of investments and portfolio management and associated with these aspects to ascertain your tolerance for the more extreme market gains and losses that can and will occur at some stage in your portfolio.

The results of this questionnaire will then be used in ensuring that your expected requirements in terms of income, growth and capital stability are in line with the associated asset allocation, and your tolerance of the associated capital volatility implications. Following the questionnaire, the risk category will be assigned as below.

A LONG-TERM INVESTMENT STRATEGY IS A COMPROMISE BETWEEN SHORT-TERM CAPITAL PREDICTABILITY AND LONG-TERM CAPITAL GROWTH. WHICH OF THE FOLLOWING STATEMENTS BEST SUMMARISES YOUR PERSONAL VIEWS?

- ☐ **I have no interest in long-term capital growth if it requires any form of short-term capital fluctuations.**
- ☐ **I am comfortable that limited capital volatility is necessary for my portfolio to provide some form of returns above inflation over the longer term.**
- ☐ **I am familiar with and understand capital volatility as an essential part of a balanced long-term growth portfolio.**
- ☐ **Capital volatility is of no concern to me as I require maximum long-term capital growth.**

OVER A ROLLING 12-MONTH PERIOD, HOW DO YOU RATE YOUR TOLERANCE FOR FLUCTUATIONS IN THE TOTAL VALUE OF YOUR PORTFOLIO?

- ☐ **No tolerance - I cannot cope with any negative returns over a 12-month investment period.**
- ☐ **Low - a loss of 5% after 12 months would cause me serious concern.**
- ☐ **Moderate - a loss of more than 10% would cause concern.**
- ☐ **High - a loss of more than 15% would cause concern, subject to the circumstances of the loss.**

- [ ] **Very high - I am not concerned with any losses over 12 months as long as the long-term growth strategy remains appropriate.**

ASSUMING YOU HAD TO MANAGE YOUR OWN INVESTMENT PORTFOLIO, HOW WOULD YOU INSTINCTIVELY ALLOCATE YOUR MONEY?

0%	**Cash and Money Market (capital security, instant liquidity, and a predictable interest yield).**
0%	**Bonds (Gilts and bonds with a potentially higher yield than cash, but a small amount of capital volatility).**
0%	**Equities (JSE listed shares or managed funds that have high short-term volatility, but potentially high returns).**
0%	**Offshore funds (very high short-term volatility, but useful long-term diversification and growth opportunities).**

Total: 0%

ASSUMING YOU HELD AN EQUITY (SHARE) PORTFOLIO, HOW WOULD YOU ALLOCATE YOUR SHARES/MANAGED FUNDS?

0%	**Large capitalisation/blue chip companies that have a proven track record and reliable dividends.**
0%	**Medium size /growth-orientated companies with a potentially higher return, but with greater volatility.**
0%	**Small capitalisation/new listings with high growth potential, accepting the risks of capital loss.**

- [ ] **I would not make this decision but would hold an actively managed portfolio with a balanced spread of shares.**

Total: 0%

YOU HAVE ESTABLISHED/REVIEWED YOUR INVESTMENT PORTFOLIO, AND A MONTH LATER THE STOCK MARKET FALLS BY 20%. HOW DO YOU THINK YOU MAY REACT?

- [ ] **Cut your losses and liquidate the entire portfolio immediately to cash.**
- [ ] **Sell up to 50% of your equity holdings to limit further losses and then consult your advisor.**
- [ ] **Hold your investment as you are comfortable with your portfolio structure and asset allocation strategy.**
- [ ] **Consider this a potential buying opportunity to accumulate further market exposure at the lower prices.**

THREE YEARS AFTER IMPLEMENTING YOUR INVESTMENT STRATEGY THE PORTFOLIO REMAINS IN NEGATIVE TERRITORY DUE TO A PROLONGED BEAR MARKET. HOW DO YOU THINK YOU MAY REACT?

- [ ] **Liquidate those assets which have provided negative returns and remain predominantly in cash/money market.**
- [ ] **Restructure the portfolio to limit further losses and establish a more conservative capital-preservation orientated asset allocation until stock markets once again provide growth.**
- [ ] **Review your portfolio, but you would be unlikely to change your investment strategy unless there were obvious opportunities elsewhere.**
- [ ] **You would not be concerned, as you have previously been exposed to similar market cycles and are comfortable that your portfolio is appropriately structured for the circumstances.**

WHEN YOU THINK OF THE WORD "RISK" AND "VOLATILITY" IN THE CONTEXT OF INVESTMENTS AND MARKETS, WHICH OF THE FOLLOWING COMES TO MIND FIRST?

- [ ] **Danger - it implies capital loss, which you are not prepared to accept.**
- [ ] **Uncertainty - you are aware that capital growth requires assets with associated volatility but remain uncomfortable.**
- [ ] **Ambivalence - you are familiar with risk and volatility as a short-term issue and are comfortable with your portfolio.**
- [ ] **Opportunity - risk and volatility imply peaks and troughs in an investment cycle, which provide investment opportunities.**

HOW OFTEN DO YOU UPDATE YOUR INVESTMENT VALUES AND PERFORMANCE?

- [ ] **Daily - I track my portfolio values as well as markets daily.**
- [ ] **Weekly - I track the weekly movements of my portfolio as well as the relevant markets.**
- [ ] **Monthly - I track my portfolio monthly but rely on reviews for detailed information.**
- [ ] **I rely on the portfolio reviews from my advisor for my portfolio values and performance information.**

AN INVESTMENT PORTFOLIO IS AFFECTED BY MANY MICRO AND MACRO-ECONOMIC FACTORS INCLUDING BOTH LOCAL AND OFFSHORE MARKETS AND ASSET CLASSES. HOW DO YOU RATE YOUR GENERAL FINANCIAL LITERACY?

☐	**I actively keep up to date with as much financial information as I can, and have a good knowledge and understanding of financial markets and related influences.**
☐	**I keep informed when I have time and have a reasonable general knowledge relating to financial markets.**
☐	**I have no specific interest in the financial markets but understand the relationship between different asset classes over the long term and the implications of market fluctuations on my own portfolio.**
☐	**I am not interested and have no understanding of financial markets and investments.**

SIGNATURE

Signature not captured.

Signature _____

_____
(Client full name)

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