



# Investment Risk Profiler Questionnaire

The use of this Investment Risk Profiler is at all relevant times subject to the Notes and conditional upon the signing of Declaration at the end hereof.

Your name: \_\_\_\_\_

The name of your financial services provider (consultant): \_\_\_\_\_

Date prepared: \_\_\_\_\_

Please indicate, by ticking the appropriate block, for which purpose you wish to use the Investment Risk Profiler:

- For investing in a:
- Pension Fund
  - Provident Fund
  - Retirement Annuity Fund
  - Collective Investment Schemes (Unit Trusts)

## A: Investor Profile

- |  | <b>Score</b> |
|--|--------------|
| 1. How many years longer do you anticipate the majority of your annual income shall be work derived?                     |              |
| <input type="checkbox"/> I have already retired _____  | 2            |
| <input type="checkbox"/> One to five years _____   | 4            |
| <input type="checkbox"/> Five to 10 years _____  | 6            |
| <input type="checkbox"/> 10 to 15 years _____  | 8            |
| <input type="checkbox"/> Longer than 15 years _____  | 10           |
| 2. What is your age?   |              |
| <input type="checkbox"/> 20 to 35 _____  | 10           |
| <input type="checkbox"/> 36 to 45 _____  | 8            |
| <input type="checkbox"/> 46 to 55 _____  | 6            |
| <input type="checkbox"/> 56 to 65 _____  | 4            |
| <input type="checkbox"/> Over 65 _____   | 2            |
| 3. What is your investment time horizon? (Total time horizon both before and after retirement)                           |              |
| <input type="checkbox"/> Greater than 10 years (>10 yrs) _____   | 5            |
| <input type="checkbox"/> Greater than five years but less than 10 years (5 to 10 yrs) _____                              | 4            |
| <input type="checkbox"/> Greater than three years but less than five years (3 to 5 yrs) _____                            | 3            |
| <input type="checkbox"/> Less than three years (<3 yrs) _____  | 2            |
| 4. To what extent is this/would this be your only investment (apart from your home, car and other possessions?)          |              |
| <input type="checkbox"/> I have plenty of other assets (this is/would be less than 25% of my assets) _____               | 5            |
| <input type="checkbox"/> I have a large amount of other assets (this is/would be between 25% and 50% of my assets) _____ | 4            |
| <input type="checkbox"/> I have a fair amount of other assets (this is/would be between 50% and 75% of my assets) _____  | 3            |
| <input type="checkbox"/> I have few other assets (this is/would be between 75% and 100% of my assets) _____              | 2            |
| <input type="checkbox"/> I have no other assets (this is/would be 100% of my assets) _____                               | 1            |

## B: Investment Objective

5. What are your investment requirements?
- Protection of capital \_\_\_\_\_ 1
  - Primarily income generation \_\_\_\_\_ 2
  - Moderate investment growth without any major capital volatility \_\_\_\_\_ 3
  - Reasonable capital growth with increased volatility \_\_\_\_\_ 4
  - Maximum capital growth over the long term with the corresponding high volatility \_\_\_\_\_ 5

- |   | <b>Score</b> |
|---|--------------|
| 6. What percentage would you want to draw as an income from this investment (if allowed by the investment product)?   |              |
| <input type="checkbox"/> No income _____  | 5            |
| <input type="checkbox"/> 0% to 8% _____   | 4            |
| <input type="checkbox"/> 9% to 15% _____  | 3            |
| <input type="checkbox"/> Above 15% _____  | 2            |
| 7. My investment return expectations from this investment are:<br>(Generally the higher the return, the higher the risk taken in achieving that return)         |              |
| <input type="checkbox"/> In line with inflation _____   | 1            |
| <input type="checkbox"/> To beat inflation _____  | 3            |
| <input type="checkbox"/> To beat equity returns as reflected in the FTSE/JSE All Share Index _____  | 5            |
| 8. What would your investment return expectation be against inflation:<br>(Generally the higher the return, the higher the risk taken in achieving that return) |              |
| <input type="checkbox"/> Returns in line with inflation _____   | 1            |
| <input type="checkbox"/> To achieve a return of inflation plus 2% _____   | 2            |
| <input type="checkbox"/> To achieve a return of inflation plus 3.5% _____   | 3            |
| <input type="checkbox"/> To achieve a return of inflation plus 5% _____   | 4            |
| <input type="checkbox"/> To achieve a return of inflation plus 7%+ _____  | 5            |

### C: Risk Tolerance

- |   |   |
|---|---|
| 9. Which of the following investments would you feel most comfortable with? (There is a greater chance of not beating inflation with cash and bonds.)   |   |
| <input type="checkbox"/> Cash/money market, where there is no risk of capital loss _____  | 2 |
| <input type="checkbox"/> Bonds, to achieve some capital growth and income with a potentially volatile portfolio _____   | 3 |
| <input type="checkbox"/> A balanced portfolio of equities, bonds and cash offering capital growth and income generation with some volatility _____  | 4 |
| <input type="checkbox"/> Equities, where you have the potential to achieve high capital growth at the risk of having extremely volatile returns (a volatile portfolio refers to one that may fluctuate significantly from year to year) _____ | 5 |
| 10. What proportion of your portfolio would you feel comfortable allocating to equities.  |   |
| <input type="checkbox"/> 0% to 30% _____  | 1 |
| <input type="checkbox"/> 30% to 60% _____   | 3 |
| <input type="checkbox"/> 60% to 100% _____  | 5 |
| 11. You have just purchased some shares and a month after you invest the stock market falls by 25%. What would your reaction be?  |   |
| <input type="checkbox"/> Cut your losses and sell out immediately _____   | 1 |
| <input type="checkbox"/> Hold your investment as you believe in the long-term prospects _____   | 3 |
| <input type="checkbox"/> Consider this as a buying opportunity _____  | 5 |
| 12. What is your tolerance level for short-term fluctuations of your investment value?<br>(These fluctuations could be equity or currency related)  |   |
| <input type="checkbox"/> Very low _____   | 1 |
| <input type="checkbox"/> Low _____  | 2 |
| <input type="checkbox"/> Moderate _____   | 3 |
| <input type="checkbox"/> High _____   | 4 |
| <input type="checkbox"/> Very high _____  | 5 |
| 13. I would be willing to borrow money to make an investment that might double my money.  |   |
| <input type="checkbox"/> Very willing _____   | 5 |
| <input type="checkbox"/> Slightly willing _____   | 3 |
| <input type="checkbox"/> Not at all _____   | 1 |
| 14. When you think of the word "risk" in a financial context, which of the following words come to mind first?  |   |
| <input type="checkbox"/> Danger _____   | 1 |
| <input type="checkbox"/> Uncertainty _____  | 3 |
| <input type="checkbox"/> Opportunity _____  | 5 |

- |  |              |
|--|--------------|
| 16. Compared to others, how do you rate your willingness to take financial risk? | <b>Score</b> |
| <input type="checkbox"/> Very low _____  | 1            |
| <input type="checkbox"/> Low _____   | 2            |
| <input type="checkbox"/> Average _____   | 3            |
| <input type="checkbox"/> High _____  | 4            |
| <input type="checkbox"/> Very high _____   | 5            |
- 
17. Imagine you were in a job you could choose whether to be paid a salary, commission or a mix of both. Which would you pick?
- |   |   |
|---|---|
| <input type="checkbox"/> All salary _____                         | 1 |
| <input type="checkbox"/> Mainly salary _____                      | 2 |
| <input type="checkbox"/> Equal mix of salary and commission _____ | 3 |
| <input type="checkbox"/> Mainly commission _____                  | 4 |
| <input type="checkbox"/> All commission _____                     | 5 |
- 
18. Investments can go up or down in value. If you invest R100 000, what value could this investment fall to in the short term before you would start to feel uncomfortable?
- |  |   |
|--|---|
| <input type="checkbox"/> Any fall would make me feel uncomfortable _____ | 1 |
| <input type="checkbox"/> R90 000 to R100 000 _____                       | 2 |
| <input type="checkbox"/> R80 000 to R90 000 _____                        | 3 |
| <input type="checkbox"/> R70 000 to R80 000 _____                        | 4 |
| <input type="checkbox"/> Less than R70 000 _____                         | 5 |

**Total Score**

**Notes**

1. The above guide is aimed at partly assisting you as a potential or current investor in determining some form of an investment-risk profile that may be used in selecting an investment portfolio. This guide is not, nor is it intended to be, any guarantee or any warranty that the investment-risk profile derived from the guide is correct and appropriate for your current or future circumstances. Making an appropriate investment is at all times determined by a combination of your personal circumstances and macroeconomic factors and trends. You are therefore advised not to base your investment decision on this guide or the results derived from it alone, but to take all relevant personal and other circumstances and factors that may have a bearing on it into consideration before making a final decision. You are further advised to contact your personal financial planner or adviser and discuss the results derived from this guide with her or him, before taking any final investment decision.
2. Within the limited application of this guide (as stated above) its effectiveness depends on the correctness and accuracy of your answers. You are therefore obliged to provide correct and accurate answers to all the questions. Only once you have done so, will the guide provide an indicative investment risk profile that may partly assist you in making an investment decision.
3. If your personal circumstances or the macroeconomic factors after completing the guide change, you have to complete it again to ascertain whether a review of your initial choices of investment portfolios is necessary or appropriate.
4. You have to keep in mind that past investment returns of any portfolio are not indicative of any future returns and investment values may increase or decrease from time to time. This guide does not, nor is it intended to, provide you with any guarantee or any warranty of any investment or financial return or investment growth.
5. In constructing this guide, Investment Solutions used standard deviation as a measure of the expected volatility of the investment portfolios. This internationally accepted measure of risk takes into account the historical variability of the investment returns earned on the underlying assets or securities over a certain time.
6. You have to keep in mind that due to regulatory constraints your investment in global assets and securities is limited to a maximum of 15%, even though Investment Solutions may from time to time believe a larger exposure is appropriate. As a result of these constraints, global exposure is subject to availability in the different investment portfolios.

**Declaration**

1. I have carefully read the Legal Notice, the Privacy Statement applicable to the site as well as the Notes above and that I fully understand and appreciate their contents and agree to be legally bound by their terms and conditions.
2. I am aware that this investment-risk profiler cannot and is not intended to take the place of my personal financial planner or adviser and that the result derived from this profiler is only a guide that will partly assist me in making a limited investment decision.
3. I have been informed that this document does not constitute investment advice and that I have to consult my personal financial planner or adviser to obtain investment advice in line with my overall financial and investment plan.
4. I have read all the questions in the guide and have properly understood each one before answering it.
5. I have answered all the questions in the guide and I have answered each one truthfully and correctly.
6. I am aware that my financial planner or adviser will rely on the results derived from the guide and that my failure to answer all the questions or to provide true and correct answers will result in an incorrect profiling with incorrect and inappropriate investment decisions flowing from that.
7. I am aware that Investment Solutions Limited does not guarantee or warrant any positive financial or investment returns and/or investment growth in or of the investment portfolios selected by me in terms of this guide.
8. I understand and comprehend the risks involved in investing in the investment portfolios I have selected.
9. I have been informed that Investment Solutions Limited has been issued with a licence under Section 8 of the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended, and is therefore licensed and authorised to act as a financial services provider as defined and contemplated in the Act.
10. I indemnify and hold Investment Solutions Limited harmless for any claim for damage or expenses I may suffer or incur as a result of any action taken by me based on my completion, interpretation and application of this guide.

\_\_\_\_\_  
Signature of Investor

\_\_\_\_\_  
Signature of Consultant



Investment  
Solutions

## Risk Profiler Recommendations

Score Results	Asset-allocation Recommendation
22 to 33	100% Cash
34 to 45	43% Cash, 32% Bonds, 25% Equity
46 to 57	27% Cash, 35% Bonds, 38% Equity
58 to 69	13% Cash, 37% Bonds, 50% Equity
70 to 81	9% Cash, 28% Bonds, 63% Equity
82 to 95	4% Cash, 21% Bonds, 75% Equity

Score Results	Balanced Profile Range Portfolio Recommendation
22 to 36	100% Banker
37 to 51	100% Conserver
52 to 66	50% Conserver, 50% Performer
67 to 81	100% Performer
82 to 95	100% Entrepreneur

Score Results	Specialist Profile Range Portfolio Recommendation
22 to 33	Banker
34 to 45	Low Equity
46 to 57	37.5% Equity
58 to 69	Medium Equity
70 to 81	62.5% Equity
82 to 95	High Equity

Score Results	Unit Trust Range Portfolio Recommendation
22 to 33	100% Superior Cash
34 to 45	42.5% Superior Cash, 21.3% Pure Fixed Interest, 21.3% Multi-Manager Equity, 11.3% Global Fixed Income and Cash, 3.8% Global Equity
46 to 57	27.6% Superior Cash, 25.5% Pure Fixed Interest, 31.9% Multi-Manager Equity, 9.4% Global Fixed Income and Cash, 5.6% Global Equity
58 to 69	12.8% Superior Cash, 29.8% Pure Fixed Interest, 42.5% Multi-Manager Equity, 7.5% Global Fixed Income and Cash, 7.5% Global Equity
70 to 81	62.5% Equity Fund of Funds
82 to 95	4.3% Superior Cash, 17% Pure Fixed Interest, 63.8% Multi-Manager Equity, 3.8% Global Fixed Income and Cash, 11.3% Global Equity

**ALSI (FTSE/JSE All Share Index)**

Used as a benchmark to measure performance. Its movement up or down is a general indication of how the market is performing. It is made up of the shares on the JSE Securities Exchange.

**Alternative Investments**

Alternative investments (for example, hedge funds) aim to provide consistent positive returns even when the equity and bond markets are performing negatively. However, positive returns are not guaranteed. These investments are medium to high risk, depending on the underlying asset managers. Investment Solutions' hedge fund employs multi-managers and multi-investment styles or strategies, thereby reducing risk.

**Asset**

Any property or item that has a monetary value.

**Asset Allocation**

The allocation of a portfolio's assets between different asset classes, ie equities, bonds, cash and property.

**Benchmark**

The tool used by asset managers or investors to measure the performance of a particular portfolio. The benchmark usually consists of a group of shares, unit trusts or asset managers that are expected to perform in line with the portfolio they are measured against, as they are invested in similar sectors of the market, similar asset classes or have similar investment mandates or investment goals.

**Bond**

A debt note issued by government, local authorities or other organisations (for example, Eskom) to a lender, promising to pay interest periodically and to repay the capital at a predetermined date.

**Cash**

Cash provides conservative returns (interest) and is considered a low-risk asset class. However, returns do not beat inflation over the long term. Cash performs better when interest rates increase and vice versa.

**Diversification**

The process of spreading an investment among different asset classes (for example, equities, bonds, cash, property), asset managers (for example, Allan Gray, Investec, Old Mutual) and different markets (local and global) etc. The objective is to reduce the overall risk of loss should a single asset class, manager or markets perform poorly.

**Equities**

Shares that represent ownership in a listed company. Considered to be a high-risk asset class. They offer the potential for significantly higher returns than cash, bonds or property over the long term (7-15 years), but are very volatile over the short term (0-3 years). Negative returns are therefore expected from the portfolio over certain periods of time.

**Gilt**

A government bond.

**Income**

Another term for the return received by an investor other than through capital growth.

**Inflation**

The average increase in the price of goods and services. Inflation is measured by the Consumer Price Index (CPI). It is important that an investment keeps up with inflation to maintain its buying power over the long term.

**Inflation-linked Bond**

A bond issued by either government or corporations with both the interest payable and the principal amount payable at maturity of the bond linked to inflation. This is a medium-risk investment.

**Multi-manager Portfolio**

A portfolio managed by more than one asset manager. The portfolio aims to blend the skills and styles of different asset managers, thereby reducing risk and optimising long-term performance.

**Portfolio**

The collection of shares, bonds, money-market securities and other financial instruments or types of assets that make up the investor's assets.

**Property**

A medium-risk asset class. The objective of a property portfolio is to achieve capital growth and income by investing in a selection of listed property securities. Like bonds, some capital volatility must be expected from property.

**Real-Return Focus**

A medium-risk investment. This portfolio diversifies risk by investing in local and global equities, bonds, cash and alternative investments. It employs a number of low-risk investment strategies, including derivatives, to protect downside, and will therefore have lower volatility than a typical balanced portfolio. It aims to deliver returns ahead of inflation over a three-year rolling period.

**Risk**

In the context of this document, risk typically describes the possibility that an investment may fluctuate over time, ie the degree of unpredictability in the return on the investment.

**Volatility**

Volatility implies that the asset class/portfolio will move up and down in an unpredictable way. The higher the volatility, the higher the risk.