



Client 1

Client 2

Date

Financial Adviser

IMPORTANT INFORMATION

Each individual has different preferences to levels of risk when investing. Investment risk is the chance that the value of your investment will fluctuate over time or that returns on your investment may be negative. Some investors may be prepared to accept higher risk investments in search of higher returns while others may prefer lower risk investments. It is important that you determine a level of risk you are comfortable with and balance that risk against the returns you are seeking on your investment. Understanding your personal risk profile is a good first step that can help determine an investment plan to achieve your short and long-term investment goals.

The profiling questions are designed to assist you in determining your investment profile and the type of investor you are, based on your personal preferences and life situation. This information will be used in conjunction with your goals to determine an appropriate financial strategy.

For couples, each partner should complete this questionnaire independently.



PROFILING QUESTIONS

- | | | |
|------------------------------------------------------------------------------------------------------|----------|----------|
| 1_ Which of the following best described your investment experience? | Client 1 | Client 2 |
| a) No investment experience | | |
| b) Mainly bank accounts – cash, term deposits and/or debentures | | |
| c) Cash and some shares and/or property | | |
| d) A mix of cash, bonds, various shares, share funds and/property | | |
| e) Australian and international shares and/or share funds, property, venture capital and derivatives | | |
| 2_ How important is it to you to avoid short-term losses when considering investments? | Client 1 | Client 2 |
| a) Very important | | |
| b) Important | | |
| c) Moderately important | | |
| d) Slightly important | | |
| e) Not important | | |
| 3_ How important is it to you to receive regular income when considering investments? | Client 1 | Client 2 |
| a) Very important | | |
| b) Important | | |
| c) Moderately important | | |
| d) Slightly important | | |
| e) Not important | | |
| 4_ How important is it to you to achieve long-term growth when considering investments? | Client 1 | Client 2 |
| a) Very important | | |
| b) Important | | |
| c) Moderately important | | |
| d) Slightly important | | |
| e) Not important | | |
| 5_ How important is it to you to protect against inflation when considering investments? | Client 1 | Client 2 |
| a) Very important | | |
| b) Important | | |



- c) Moderately important
- d) Slightly important
- e) Not important

6_	What percentage of your money would you be prepared to invest in higher-risk investments? (I.e. investments which may fluctuate in value, even incurring short-term losses, but can return higher gains over the longer term.)	Client 1	Client 2
	a) 0%		
	b) 25%		
	c) 50%		
	d) 75%		
	e) 100%		
7_	How long before you would expect to require access to part or all of your investments?	Client 1	Client 2
	a) Less than 1 year		
	b) Less than 3 years		
	c) Between 3 and 5 years		
	d) Between 5 and 7 years		
	e) More than 7 years		
8_	In what form would you prefer your investment returns?	Client 1	Client 2
	a) Income from interest		
	b) Interest and some income from shares		
	c) Interest, income from shares and some capital growth		
	d) Income from shares and capital growth		
	e) Mostly capital growth		
9_	Assume that you inherit a good quality Australian share portfolio valued at \$100,000 and you do not need the money for other purposes. Would you:	Client 1	Client 2
	a) Sell the entire portfolio immediately to avoid any loss in value?		
	b) Sell 75% and place the money in more conservative investments?		
	c) Sell 50% and place the money in more conservative investments?		
	d) Sell 25% and place the money in more conservative investments?		
	e) Keep the entire share portfolio		



- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| 10_ Are you prepared to accept the possibility of a negative return at any time in exchange for potentially higher long term returns? This means that the more often you experience a negative return, the greater the investment volatility. | Client 1 | Client 2 |
| a) Yes. One negative year in every 10 years | | |
| b) Yes. One negative year in every 8 years | | |
| c) Yes. One negative year in every 5 years | | |
| d) I am not prepared to accept any negative returns | | |
| e) Yes. One negative year in every 3 years | | |
| 11_ Assume your long-term investments dropped in value by say 10% or more in one year, how would you react? | Client 1 | Client 2 |
| a) You cannot accept any decline in the value of these investments | | |
| b) You consider selling and reinvesting elsewhere | | |
| c) You adopt a 'wait and see' approach | | |
| d) You expect that your investment will recover in value at some time in the next 1 to 2 years | | |
| e) You consider purchasing more | | |



SCORING (FINANCIAL ADVISER TO COMPLETE)

SCORING TABLE							
	A	B	C	D	E	Client 1	Client 2
Question 1	6	4	3	2	1		
Question 2	5	4	3	2	1		
Question 3	6	5	4	3	2		
Question 4	1	2	3	4	5		
Question 5	1	2	3	4	5		
Question 6	6	5	4	3	2		
Question 7	6	5	4	3	2		
Question 8	7	6	5	4	2		
Question 9	6	5	4	3	2		
Question 10	5	4	3	6	2		
Question 11	6	4	3	2	1		
					TOTAL		
					SCORE		

RISK PROFILE	
Results	Risk Profile
17 to 22	Very aggressive
23 to 28	Aggressive
29 to 33	Moderately aggressive
34 to 40	Balanced
41 to 49	Moderately conservative
50 to 59	Conservative
60 to 64	Cash only

INDICATIVE RISK PROFILE

Based on your total score, your indicative risk profile has been assessed as follows:

Client 1 _____

Client 2 _____



EXPLANATION OF RETURN/ VOLATILITY

Over a number of years, your capital and income are expected to rise and fall. At times this value may fall below the value of your initial investment.

EXPLANATION OF RETURN/VOLATILITY			
High return			Shares
Medium return	Spread of investments (e.g. Diversified investment portfolios)		
Lower return	Cash based investments		
Low volatility		Medium volatility	Higher volatility

OTHER FINANCIAL PLANNING CONSIDERATIONS

Please note these questions also appear in **Client Profile – Part 1 booklet**. If you have already completed the “Other financial planning considerations” section in the booklet you will not need to complete again.

	Client 1		Client 2	
Are you prepared to fund investment with a loan?	Yes	No	Yes	No
Are you prepared to split assets to minimize tax?	Yes	No	Yes	No
Do you have any issues with respect to environmental, social or ethical standards that you would like your Financial Adviser to consider in providing you with investment advice, in addition to financial returns? If yes, please specify	Yes	No	Yes	No
Are there any investments you would like to avoid (e.g. non-ethical investments, etc)? If yes, please specify	Yes	No	Yes	No
Are there any investments/areas you would like to support (e.g. environmentally friendly, etc)? If yes, please specify	Yes	No	Yes	No
Are there any circumstances you know of, which will affect your financial situation in the future? If yes, please specify	Yes	No	Yes	No
Which one of the statements below best describes your interest in financial press/media? a. I follow financial press and/or media daily b. I follow financial press and/or media weekly (e.g. weekend paper, etc) c. I occasionally read/watch financial press/media (couple of times a month or less) d. I don't generally follow financial press/media	Yes	No	Yes	No



Adviser notes of discussion about risk profiling, client(s) investment time frame and objectives:

YOUR RISK PROFILE

RISK PROFILE							
	Very aggressive	Aggressive	Moderately aggressive	Balanced	Moderately Conservative	Conservative	Cash only
Client 1							
Client 2							

Important information about your risk profile

- It is essential that you review your profile carefully to ensure that it reflects your attitude to investment. If it does not, you must bring this to the attention of your Financial Adviser. You should also consider whether your responses to the questions do in fact reflect your attitude. It is important that you answer the questions as accurately as possible.
- The risk profile is only indicative of your overall attitude to investment. It is always important to consider the appropriateness of an investment to your circumstances prior to proceeding.
- Your risk profile may change over time and should be reviewed before making investment decisions in the future.

I declare that I am comfortable with the risk profile that I have been assigned and I understand that this will be used to assist my Financial Adviser in determining an appropriate financial strategy for me.

I declare that I am comfortable with the risk profile that I have been assigned and I understand that this will be used to assist my Financial Adviser in determining an appropriate financial strategy for me.

SIGNATURES

Client 1

Client 2

Name _____

Name _____

Signature _____

Signature _____

Date _____

Date _____



ADDITIONAL INFORMATION

A **Very Aggressive** investor is comfortable with a portfolio of investments predominantly in Australian and international shares. Due to the inherently high levels of volatility associated with these asset classes this portfolio is suited to people with an investment horizon of at least seven years. This type of portfolio is unsuitable for clients requiring high levels of income from their investment.

An **Aggressive** investor is comfortable with a diversified portfolio of investments in mainly the more aggressive asset classes of Australian and international shares. The capacity for capital volatility in this portfolio makes it more suitable for investors with a long term investment time frame of more than five years. It is not suitable for investors requiring an income return from the portfolio.

A **Moderately Aggressive** investor is comfortable with a balanced portfolio of investments with a moderate tilt towards the more aggressive asset classes of Australian and international shares. The portfolio is designed with a long term time horizon of five years or more. It will exhibit some volatility in the short term.

A **Balanced** investor is comfortable with a balanced portfolio of investments taking in all normal asset classes. This portfolio will aim to achieve a satisfactory market related return over the longer term (at least five years) with potential for moderate capital volatility in the shorter term.

A **Moderately Conservative** investor is comfortable with a portfolio containing core investments which have a bias towards security of capital. Normally less than half the portfolio would be placed in property and Australian and overseas share investments. These components give added capacity for capital growth over a period of three to five years but will also entail some short term capital volatility.

A **Conservative** investor is comfortable with a portfolio of diversified investments with the emphasis on cash and fixed interest. Growth in portfolio value can be mainly achieved by accumulating income. There is potential for low capital volatility. A low exposure to shares of up to 25% of the portfolio can be considered.

A **Cash Only** investor is comfortable with a portfolio held exclusively in cash and short term deposits that will provide security of capital and a regular stable income. Capital growth in the portfolio may only be achieved by reinvesting income.

ASSET CLASS (PERCENTAGE ALLOCATION)

Risk Profile	Liquids	Fixed interest/ Bonds	Property	Australian Shares	International Shares	Total Growth Assets	Total Defensive Assets
Cash only	100	0	0	0	0	0	100
Conservative	45	35	5	10	5	20	80
Moderately Conservative	25	40	8	17	10	35	65
Balanced	10	40	10	25	15	50	50
Moderately aggressive	5	30	10	33	22	65	35
Aggressive	5	15	10	40	30	80	20
Very aggressive	2	0	0	55	43	98	2

Privacy Statement

The information we collect from you on this form will be used to advise you of suitable products and services. You can access the personal information we have collected, if we have retained it, by phoning 1300 785 611. If you do not provide this information, our Financial Advisors may not be able to assess whether products are suitable for you or provide appropriate advice.

Merit Wealth Pty Limited, which operates under Australian Financial Services License No. 409361. This document is current as at 29 November 2011. Merit Wealth advisers are authorised representatives of Merit Wealth Pty Limited.