

Risk Tolerance Client Questionnaire



The Risk Tolerance Client Questionnaire is designed to help give your Financial Adviser at Park Avenue Securities LLC insight into your investor profile and your tolerance for assuming risk. Gauging your level of comfort with risk can be complex. For example, if you are a conservative investor, you may still want to have part of your overall investments invested aggressively to try to achieve inflation-beating returns or to balance a generally conservative portfolio. Or you may already have different investment objectives for different portions of your overall portfolio.

Completing this questionnaire will help you and your Financial Adviser develop a portfolio that will best match your expressed investment objectives, time horizon and risk tolerance. This questionnaire is an important part of creating an appropriate investment program for your unique situation.

CLIENT INFORMATION (Check one)

☐ Account to be registered to individual(s) Amount to Invest _____

Prospective owner's name _____ Date of birth (mm/dd/yyyy) _____
Street address _____ City _____ State _____ Zip _____
Home Phone _____ Work Phone _____

Prospective joint owner's name _____ Date of birth (mm/dd/yyyy) _____
Street address _____ City _____ State _____ Zip _____
Home Phone _____ Work Phone _____

☐ Account to be registered to trust, corporation, partnership or other entity

Name of trust, corporation, partnership, or other entity _____
Name of trustee or authorized signatory _____ Phone _____
Street address _____ City _____ State _____ Zip _____

Signatures

Prospective Owner's Signature _____ Date _____ Prospective Joint Owner's Signature _____ Date _____

FINANCIAL ADVISER INFORMATION

Name _____ PAS Agency No./RIA Firm Name _____ PAS Agent No./Firm Agent No. _____
Street address _____ City _____ State _____ Zip _____
Office phone _____ Financial Adviser Signature _____ Date _____



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Please select the appropriate answer and enter the letter that represents your selection in the box at the right of the question.

Score

1 How long will it be before you expect to begin making regular withdrawals from this account?

- A. Less than 2 years
- B. 2 – 4 years
- C. 4 – 6 years
- D. 7 – 10 years
- E. More than 10 years

2 What percentage of the portfolio's current value do you believe you'll need to withdraw annually once withdrawals begin?

- A. Greater than 8%
- B. Greater than 5%, but less than 8%
- C. Greater than 2%, but less than 5%
- D. Less than 2%
- E. I do not intend on withdrawing money from this account in the foreseeable future

3 It is likely that a large percentage of the account will be withdrawn in the next 5 years.

- A. Strongly agree
- B. Agree
- C. Somewhat agree
- D. Disagree
- E. Strongly disagree

4 Investments with low rates of return sometimes earn less than the inflation rate, which means that there is a loss of purchasing power. For example, in a year with a 3% inflation rate, a 5% after-tax return before inflation would have a real return of only 2% ($5\% - 3\% = 2\%$). Which of the following best summarizes your attitudes regarding investing and inflation?

- A. My money should be "safe" with little or no volatility, even if it means my returns do not keep up with inflation.
- B. I prefer to minimize short-term volatility (and the potential for loss), even if it means that my portfolio is only expected to keep pace with or slightly exceed inflation.
- C. I prefer a portfolio that seeks to moderately exceed inflation over the long run and I am willing to accept moderate short-term fluctuations in value (and a moderate potential for loss) to achieve this goal.
- D. I prefer a portfolio that seeks to substantially exceed inflation over the long run and I am willing to accept large, short-term fluctuations in value (and a greater potential for loss) to achieve this goal.

5 Future projected income levels are important to understand when assessing risk. How would you describe your future income cash flow?

- A. Unpredictable or unstable
- B. Fairly consistent
- C. Expected to be stable or slightly increase
- D. Stable, and I have high confidence level it will continue to increase

6 Which response best represents your view about the following statement?

"In my portfolio, I am comfortable with investments that may lose money from time to time, if they offer the potential for higher returns."

- A. Strongly disagree
- B. Disagree
- C. Somewhat agree
- D. Agree
- E. Strongly agree

7 If the market were to drop 20% in a short period, your most likely reaction would be:

- A. I would sell everything, and it would confirm that I am not comfortable with the market.
- B. I would sell some positions in the portfolio, and move to "safer" investments.
- C. I would stay the course, choosing to pay less attention to the financial news.
- D. I would invest more in attempt to take advantage of low prices.

8 The degree to which the value of an investment fluctuates over time is known as "volatility." In general, volatile investments tend to grow faster over time but carry more risk because large upswings can also mean large downswings, and there is no way to know if the ups will be larger than the downs. With respect to your portfolio, how much volatility are you willing to accept?

- A. Minimal - I do not want to risk losing money, even if it means my returns are relatively small.
 - B. Some - I am willing to accept occasional short term losses as long as my portfolio is generally structured to grow over time.
 - C. Moderate - I am willing to accept moderate ups and downs of the market, to pursue higher returns.
 - D. Considerable - I am willing to take substantial risk to pursue significantly higher returns.
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- 9 Generally, as an investor, the more risk you are willing to undertake — or the more volatility you can withstand — the higher the potential return over a sufficiently long investment time horizon. Review the account values below, of the 5 hypothetical portfolios of \$100,000, and their potential gains and losses over a 1 year period, which portfolio would you invest in?

After Gain / After Loss

- A. \$105,000 / \$95,000
- B. \$110,000 / \$90,000
- C. \$115,000 / \$85,000
- D. \$120,000 / \$80,000
- E. \$125,000 / \$75,000

- 10 Your investment objective summarizes the primary purpose of your account. It serves to define how assets should be managed. Select the objective that best fits the purpose of your account.

- A. Preserve asset value
- B. Generate current income
- C. Achieve asset growth with moderate current income
- D. Achieve strong asset growth with nominal income
- E. Achieve maximum asset growth

After completing the Questionnaire, use the alphabetical answers to complete the below section by filling in the equivalent numerical value (e.g., Question 1 answer was B, enter 4 into the score box). Add each of these numerical scores to arrive at your aggregate risk profile score. To determine the account level of risk that best matches your objectives, time horizon, and ability to withstand volatility that you identified in the Questionnaire, find the investor profile that corresponds to your aggregate risk profile score.

	Scoring	Score		Scoring	Score		Scoring	Score
1	A = 0 B = 4 C = 8 D = 16 E = 20	<input type="text"/>	5	A = 0 B = 4 C = 6 D = 10	<input type="text"/>	9	A = 0 B = 4 C = 6 D = 8 E = 10	<input type="text"/>
2	A = 0 B = 1 C = 2 D = 3 E = 5	<input type="text"/>	6	A = 0 B = 2 C = 3 D = 4 E = 5	<input type="text"/>	10	A = 0 B = 2 C = 3 D = 4 E = 5	<input type="text"/>
3	A = 0 B = 4 C = 8 D = 12 E = 20	<input type="text"/>	7	A = 0 B = 2 C = 8 D = 10	<input type="text"/>			
4	A = 0 B = 2 C = 3 D = 5	<input type="text"/>	8	A = 0 B = 2 C = 6 D = 10	<input type="text"/>			
							Total	<input type="text"/>

Total Score	Risk Profile
0 – 10	❶ Capital Preservation. The Capital Preservation investor profile describes conservative investors seeking maximum safety of their investment capital and who rely on investments for the current income they provide. A smaller percentage of the portfolio should be allocated to equity investments to obtain some capital appreciation in the portfolio while limiting risk of principal loss. An investment in either equities or bonds has the risk of principal loss.
11 – 20	❷ Conservative Income. The conservative Income investor profile describes conservative investors seeking safety of principal. A majority of the portfolio may be allocated in income-generating investments. Conservative Income investors also recognize that a portion of their investment capital may be allocated to equity investments to obtain higher returns in the portfolio. An investment in either equities or bonds has the risk of principal loss.
21 – 30	❸ Income & Growth. The Income & Growth investor profile describes investors seeking both current income and growth of principal in the portfolio investments but who feel more comfortable with a portfolio that may have a higher percentage invested in income-generating investments. An investment in either equities or bonds has the risk of principal loss.
31 – 40	❹ Balanced. The Balanced investor profile describes investors seeking both growth of principal and current income in the portfolio. The portfolio may have an equal weighting in both bonds and equities. Equity and bond investments are not guaranteed against the risk of principal loss.
41 – 50	❺ Growth & Income. The Growth & Income investor profile describes investors seeking a conservative rate of return from a portfolio and may have a majority of investments in equities. Equity and bond investments are not guaranteed against the risk of principal loss.
51 – 60	❻ Conservative Growth. The Conservative Growth investor profile describes investors seeking a reasonable rate of return and many have an emphasis on equity investments, both domestic and international. A portion of the investments could be in income investments to balance the volatility of stock market fluctuations. Equity and bond investments are not guaranteed against the risk of principal loss.
61 – 70	❼ Moderate Growth. The Moderate Growth investor profile describes investors seeking a moderate rate of return from their investment portfolio and may have a higher weighting in both domestic and international equity investments. These investors are comfortable with fluctuations in the equity markets and are willing to assume the possibility of loss of principal that goes along with equity and bond investments.
71 – 80	❽ Dynamic Growth. The Dynamic Growth investor profile describes moderately aggressive investors seeking a high rate of return from their investment portfolios. This profile suggests having a higher percentage of investments in volatile equity investments where investors are willing to assume fluctuations in their portfolios including possible loss of principal in exchange for the potential of higher capital appreciation.
81 – 90	❾ Aggressive Growth. The Aggressive Growth investor profile describes aggressive investors seeking a higher rate of return from their investment portfolios. These investors are comfortable with a portfolio that may have a majority of their investments in more volatile equity investments and are willing to assume the risk of principal loss associated with this allocation in exchange for the opportunity to achieve a higher rate of return.
91 – 100	❿ Ultra-Aggressive Growth. The Ultra-Aggressive Growth investor profile describes very aggressive investors seeking the highest possible rate of return and may have their entire principal in equity investments. These investors are willing to assume the possibility of high volatility, especially in the short-term, within a portfolio composed of more than 90% aggressive equity investments with a possibility of principal loss in exchange for the opportunity to achieve the maximum rate of return.