

# Risk Tolerance Questionnaire

## What's the right asset mix for you?

The following asset allocation questionnaire has been designed to measure an individual's ability and willingness to accept uncertainties in their investment's performance. The total score reveals which of the five risk profiles may be appropriate for you.

### 1. MY CURRENT AGE IS:

- a. Less than 45 (5 points) \_\_\_\_
- b. 45–55 (4 points) \_\_\_\_
- c. 56–65 (3 points) \_\_\_\_
- d. 66–75 (2 points) \_\_\_\_
- e. more than 75 (1 point) \_\_\_\_

### 2. I EXPECT TO START DRAWING INCOME FROM THIS INVESTMENT:

- a. Not for at least 20 years (5 points) \_\_\_\_
- b. In 10 to 20 years (4 points) \_\_\_\_
- c. In 5 to 10 years (3 points) \_\_\_\_
- d. Not now, but within 5 years (2 points) \_\_\_\_
- e. Immediately (1 point) \_\_\_\_

### 3. FOR THIS INVESTMENT, MY GOAL IS:

- a. To grow aggressively (5 points) \_\_\_\_
- b. To grow significantly (4 points) \_\_\_\_
- c. To grow moderately (3 points) \_\_\_\_
- d. To grow with caution (2 points) \_\_\_\_
- e. To avoid losing money (1 point) \_\_\_\_

### 4. ASSUMING NORMAL MARKET CONDITIONS, WHAT WOULD YOU EXPECT FROM THIS INVESTMENT OVER TIME?

- a. To generally keep pace with the stock market (5 points) \_\_\_\_
- b. To slightly trail the stock market, but make a good profit (4 points) \_\_\_\_
- c. To trail the stock market, but make a moderate profit (3 points) \_\_\_\_
- d. To have some stability, but make modest profits (2 points) \_\_\_\_
- e. To have a high degree of stability, but make small profits (1 point) \_\_\_\_

### 5. SUPPOSE THE STOCK MARKET PERFORMS UNUSUALLY POORLY OVER THE NEXT DECADE. WHAT WOULD YOU EXPECT FROM THIS INVESTMENT?

- a. To lose money (5 points) \_\_\_\_
- b. To make very little or nothing (4 points) \_\_\_\_
- c. To eke out a small gain (3 points) \_\_\_\_
- d. To make a modest gain (2 points) \_\_\_\_
- e. To be little affected by what happens in the stock market (1 point) \_\_\_\_

### 6. WHICH OF THESE STATEMENTS BEST DESCRIBES YOUR ATTITUDE ABOUT THE NEXT THREE YEARS' PERFORMANCE OF THIS INVESTMENT?

- a. I don't mind if I lose money (5 points) \_\_\_\_
- b. I can tolerate a loss (4 points) \_\_\_\_
- c. I can tolerate a small loss (3 points) \_\_\_\_
- d. I'd have a hard time tolerating any losses (2 points) \_\_\_\_
- e. I need to see at least a little return (1 point) \_\_\_\_

### 7. WHICH OF THESE STATEMENTS BEST DESCRIBES YOUR ATTITUDE ABOUT THE NEXT THREE MONTHS' PERFORMANCE OF THIS INVESTMENT?

- a. Who cares? One calendar quarter means nothing (5 points) \_\_\_\_
- b. I wouldn't worry about losses in that time frame (4 points) \_\_\_\_
- c. If I suffered a loss of greater than 10%, I'd get concerned (3 points) \_\_\_\_
- d. I can tolerate only small short-term losses (2 points) \_\_\_\_
- e. I'd have a hard time stomaching any losses (1 point) \_\_\_\_

RISK TOLERANCE SCORE \_\_\_\_\_

### OVERALL INVESTMENT RISK TOLERANCE

Points	Portfolio Recommendation
7–10	Conservative Income
11–17	Income
18–24	Conservative Growth
25–31	Growth
32–35	Aggressive Growth

The next page lists your recommended Portfolio.

# Waddell & Reed Model Portfolios

Waddell & Reed's model portfolios are designed to meet a broad range of individual investor goals. These portfolios illustrate broad, general guidelines. An individual investor's portfolio will vary depending upon financial priorities and concerns.

## CONSERVATIVE INCOME

The conservative range is designed for the cautious investor, one with a low risk tolerance and/or a short time horizon. It is targeted toward the investor seeking investment stability and liquidity from their investable assets. The main objective of the individual in the conservative risk range is to preserve capital while providing income. Fluctuations in the values of portfolios within this range are generally minor.



## INCOME

The moderately conservative risk range is appropriate for the investor who seeks both modest capital appreciation and income from their portfolio. This investor will have either a moderate time horizon or a slightly higher risk tolerance than the most conservative investor in the previous risk range. While this range is still designed to preserve the investor's capital, fluctuations in the values of portfolios may occur from year to year.



## CONSERVATIVE GROWTH

This range will best suit the investor who seeks relatively stable growth from their investable assets offset by a low level of income. An investor in the moderate risk range will have a higher tolerance for risk and/or a longer time horizon than either of the previous investors. The main objective of an individual within this range is to achieve steady portfolio growth while limiting fluctuations to less than those of the overall stock markets.



## GROWTH

The moderately aggressive risk range is designed for investors with a relatively high tolerance for risk and a longer time horizon. These investors have little need for current income and seek above-average growth from their investable assets. The main objective of this risk range is capital appreciation, and its investors should be able to tolerate moderate fluctuations in their portfolio values.



## AGGRESSIVE GROWTH

This range is appropriate for investors who have both a high tolerance for risk and a long investment time horizon. The main objective of the aggressive risk range is to provide high growth for the investor's assets without providing current income. Portfolios in this range may have substantial fluctuations in value from year to year, making this category unsuitable for those who do not have an extended investment horizon.



These illustrations are designed to provide a general representation of each model's mutual fund holdings. These are hypothetical examples only and are not indicative of specific allocations the models will employ at any given time.