

Risk & Objective Questionnaire



SEM Wealth Management



Agreement & Understanding

This questionnaire was designed to give you a better understanding of your attitudes towards risk and to gauge your investment personality. It is important to understand some of the limitations of this questionnaire:

- Questionnaire is for education, NOT advice
- Any discussion of returns, risks, potential returns, etc. are for illustrative purposes only and not guarantees of actual results.
- The questionnaire may not be able to take into account the stage of life you are currently at, the specific goals for the money to be managed by SEM, how the rest of your assets are currently invested, or significant future changes in your financial picture.
- Questions need to be answered as honestly as possible to generate a starting point for the investment recommendations.
- Conflicting answers (e.g. low desire to take risk, but high return goals) may cause results to be more sensitive to other inputs.
- This does NOT replace a complete financial plan
- You should discuss the results with a financial advisor prior to acting on any recommendations.
- Any changes to your financial situation should be reported immediately to your financial advisor and a new questionnaire should be submitted.

1.) What loss in value of your investment would begin to make you feel uncomfortable?

- A. Any loss would be uncomfortable
- B. 10%
- C. 20%
- D. 30%
- E. 40% or more

2.) How long do you plan on holding this account -or- when will you need to withdrawal 25% or more of this money?

- A. Less than 3 years
- B. 3-5 years
- C. 5-7 years
- D. 7-10 years
- E. 10-15 years
- F. 15-20 years
- G. 20+ years

3.) My overall objective for this money could best be described as..

- A. Income
- B. Capital Preservation (to at least keep up with taxes and inflation)
- C. Capital Appreciation (keep up with a balanced investment)
- D. Growth (keep up with the S&P 500 index)
- E. Aggressive Growth (beat the S&P 500 index)

Risk & Objective Questionnaire (Continued)

- 4.) What is MOST important to the overall goals of your investments with SEM?
- A. Avoid large declines (more than 20 percent of portfolio value)
 - B. Provide some market participation but avoid some of the larger losses.
 - C. Beat the market over a full market cycle
- 5.) Average returns can hide bad periods. Given a choice, which of the following portfolio returns would you prefer?
- A. Guaranteed 2% return
 - B. 4% average, 1-year return range = -19% to +26%
 - C. 6% average, 1-year return range = -22% to +29%
 - D. 7% average, 1-year return range = -32% to +38%
 - E. 8% average, 1-year return range = -37% to +47%
 - F. 9% average, 1-year return range = -43% to +54%
- 6.) If the stock market was UP 20%, how much would you expect your portfolio to be up?
- A. 5%
 - B. 10%
 - C. 15%
 - D. 20%
 - E. More than 20%
- 7.) If the stock market was DOWN 20% for the year, how much would you expect your portfolio to be down?
- A. 0%
 - B. 5%
 - C. 10%
 - D. 15%
 - E. 20%
 - F. More than 20%
- 8.) If the economy were to go into a recession, unemployment was climbing, and stocks decline 25%, I would likely...
- A. Look to move all my money to a low risk investment
 - B. Move some of the money to a lower risk investment to stop the losses
 - C. Be nervous & probably call my advisor to discuss my options
 - D. Do nothing. I trust my advisor and our financial plan
 - E. Try to find cash to invest. This would be the buying opportunity I've been waiting for!
- 9.) When I hear the word 'risk' the first word that comes into my mind is
- A. Danger
 - B. Exposure
 - C. Uncertainty
 - D. Opportunity
 - E. Adventure
- 10.) How would you characterize your personality?
- A. I am a pessimist. I always expect the worst.
 - B. I am anxious. No matter what you say, I will worry.
 - C. I am cautious but open to new ideas. Convince me.
 - D. I am objective. Show me the pros and cons, and I will make a decision and live with it.
 - E. I am optimistic. Things always work out in the end.

Risk & Objective Questionnaire (Continued)

SCORING

	A	B	C	D	E	F	G
1	0	10	40	80	100	-	-
2	0	10	20	40	60	80	100
3	0	10	50	70	100	-	-
4	10	40	100	-	-	-	-
5	0	20	40	60	80	100	-
6	10	30	60	80	100	-	-
7	0	10	30	60	80	100	-
8	0	20	50	80	100	-	-
9	10	30	50	90	100	-	-
10	0	20	40	80	100	-	-

MY TOTAL SCORE: _____

To score your questionnaire automatically, go to WhatsMyScore.net and click on "Risk Questionnaire". After entering your answers the score will be calculated for you.

INVESTMENT PERSONALITY SCORE

PRESERVATION (0 – 250): Your answers indicate a high aversion to risk. Your portfolio should be structured towards investments with strong risk management. Note this will decrease the chances of higher returns, so you should consult with your advisor to make sure your financial plan can handle lower returns. You are likely highly susceptible to emotional biases such as loss aversion and regret aversion. These two biases often cause you to prefer conservative investments, but also conflict with the desire to participate in the stock market after a prolonged rally. It will be important to communicate frequently with your advisor about your thoughts.

CONSERVATIVE (260 – 500): Your answers indicate a lower willingness to assume risk. Your portfolio should be mostly tilted towards investments with strong risk management. There is room for some riskier investments with a smaller percentage of your portfolio. You are likely susceptible to emotional biases as well as biases such as hindsight & herding. Your key to success will be to keep your emotions in check and having an open line of communication with your financial advisor to make sure your plans are still on track.

MODERATE (510 – 700): Your answers indicate an average willingness to assume risk. Your portfolio should be balanced between investments with strong risk management and riskier investments with a percentage of your portfolio. You are likely fairly balanced but are susceptible to information processing errors such as hindsight bias & conservatism (not adapting to new information). Your key to success will be looking at big picture data and where your investments fit in your financial plan

GROWTH (710 – 850): Your answers indicate a higher willingness to assume risk. Your portfolio should be mostly tilted towards riskier investments with a smaller percentage of your portfolio allocated to those with strong risk management. You understand you need to take on more risks in order to make money and are comfortable doing this. You are susceptible to biases such as overconfidence and confirmation bias (seeking data to confirm your beliefs). Your key to success will be pushing yourself to look at all the data and asking yourself "what if" questions about your investment thesis.

AGGRESSIVE (860 – 1000)

Your answers indicate a high willingness to assume risk. Your portfolio should be allocated to higher risk investments such as stocks, with little to no allocations to lower risk investments. Please consult your financial advisor to ensure your financial plan can support the possible losses that will incur at this risk level. You prefer to take on risk in order to make more money. You are susceptible to emotional biases such as overconfidence & self-control. Your key to success will be to have a solid financial plan and ensuring the risks you are taking will not potentially cause the plan to fail.



Risk & Objective Questionnaire (Continued)

Investor Information

Investor Name: _____

Investor Email Address: _____

I would like SEM to create a customized portfolio based on my questionnaire results.

- A. Yes (please complete the information below)
- B. No (do not complete the information below)

Financial Advisor's Name: _____

\$ Amount to Invest: _____ Current Age: _____

Where is the account currently held? _____

Account Type:

- A. Qualified (non-taxable accounts such as IRAs, 401ks, etc.)
- B. Non-Qualified (taxable accounts such as individual, joint, or trust accounts)

If taking money from the account, how much are you taking on an annual basis? _____

List below any additional information we should know when creating the portfolio

To have SEM score your questionnaire and create a customized portfolio, please send the questionnaire to support@semwealth.com & the subject "Risk Questionnaire".

If you would like SEM to look at your current investments, including providing a report showing your asset allocation, potential risks, and other performance statistics, send a copy of your statement to: support@semwealth.com & the subject "Portfolio Review".

NOTE: Results & recommendations are for illustrative purposes only. These results should be discussed with a financial advisor who fully understands your current financial situation.