

Risk Profiling: From Questions to Portfolio

Risk Questions

1. Investment timeline?
2. Risk tolerance?
3. Financial goals?
4. Income stability?
5. Market reaction?

Algorithm

Risk Score

Portfolio Allocation

Conservative:

20% stocks / 80% bonds

Moderate-Cons:

40% stocks / 60% bonds

Moderate:

60% stocks / 40% bonds

Moderate-Agg:

80% stocks / 20% bonds

Aggressive:

90% stocks / 10% bonds

Factors in Risk Score:

- Time horizon (longer = more risk capacity)
- Financial cushion / emergency fund
- Emotional response to volatility
- Income needs from portfolio