

Risk Profiler

Questions Booklet

Client name

Adviser name

Practice name

Date

/ /

Assumptions and limitations

Assumptions

The following indices were utilised for the respective asset classes:

- Australian Shares – S&P/ASX 200 Accumulation Index
- International Shares – MSCI World ex Australia Index (unhedged)
- Australian Fixed Interest – Bloomberg AusBond Composite 0+ Yr
- International Fixed Interest – Barclays Capital Aggregate Bond Index (hedged)
- Property – S&P/ASX 300 A-REIT Accumulation Index
- Australian Residential Property – CoreLogic RP Data Daily Home Value Index Accumulation Indices
- Alternatives – HFRX Global Hedge Fund Index*
- Cash – Bloomberg AusBond Bank Bill Index.

Returns on benchmark indices are calculated before fees and tax and includes both capital growth and income reinvested.

Information current as at 1 June 2018.

* Note: Prior to January 1998 the Barclays CTA Index was used, this index is derived in US dollars.

Limitations

The suggested risk profile at the end of the Questions Booklet depends on subjective factors such as your risk tolerance and how you feel about your own financial situation. Your suggested risk profile may act as a guide to how you invest in various asset classes, but you and your adviser should consider any other aspects of your goals or financial situation you consider important when deciding to take on a given investment mix.

The Risk Profiler Information and Questions Booklets do not provide financial advice and should not be considered the sole or primary basis on which you make investment decisions. You should consult your adviser before making an investment.

It is important to revise your risk profile periodically based on your experience, changing investment timeframes and goals. Any projections relevant to you depend greatly on certain assumptions including inflation rate, investment expenses, taxes and investment return. It is difficult to forecast such rates and returns accurately, especially over long periods. The longer the time horizon, the more likely any change in assumptions will have a significant impact on the results. For example, a 1% change in investment return can have a significant impact on your ability to meet your goals over the long term.

Risk profile questions

Adviser name:

Customer 1 name:

Customer 2 name:

What does risk mean to you?

What does return mean to you?

Risk Tolerance

Write your response below

Question 1	Customer 1	Customer 2
In general, how would you describe yourself financially?		
1. A risk avoider 2. Cautious 3. Willing to take some risk after some planning and forethought 4. A real risk taker		
Notes:		

Question 2	Customer 1	Customer 2
How familiar are you with investment matters?		
1. Not very familiar at all with investments and feel uncomfortable with the complexity. 2. Somewhat familiar. I don't fully understand all investments including the sharemarket. 3. Very familiar. I understand the various factors which influence investment performance		
Notes:		

Write your response below

Question 3	Customer 1	Customer 2
When you think of the word “risk” which of the following words comes to mind first?		
1. Loss 2. Opportunity		
Notes:		

Question 4	Customer 1	Customer 2
Suppose a year ago you'd invested your portfolio. Today you've checked its value and find it is now worth 20% less. How would you feel?		
1. Panic – I'd want my adviser to sell, and invest the proceeds in cash. 2. Nervous – I'd want my adviser to sell part of the portfolio, and invest the proceeds in a less volatile investment. 3. Patient – I'd sit tight, expecting the portfolio to recover. 4. Positive – If I had any more money I'd invest it in the same portfolio		
Notes:		

Write your response below

Question 5	Customer 1	Customer 2
<p>At the beginning of the year you have a significant amount of money to invest. The chart and options below show the performance of four possible investments. Each bar gives a range of possible returns over the next year (i.e. with Portfolio 4 you have a chance of increasing your portfolio by 50% but equally likely to lose -30% over the year).</p> <p>Which investment would you prefer?</p>		
<div><div><div>PORTFOLIO 1</div><div>PORTFOLIO 2</div><div>PORTFOLIO 3</div><div>PORTFOLIO 4</div></div><div><div><div>60%</div><div>50%</div><div>40%</div><div>30%</div><div>20%</div><div>10%</div><div>0%</div><div>-10%</div><div>-20%</div><div>-30%</div><div>-40%</div></div><div><div>10%</div><div>25%</div><div>35%</div><div>50%</div></div><div><div>-5%</div><div>-15%</div><div>-20%</div><div>-30%</div></div><div><div>Potential best case return</div><div>Potential worse case return</div></div></div></div> <p>The chart is for illustrative purposes only and does not reflect the performance of a specific index or fund.</p>		
<div><div>1. Portfolio 1</div><div>2. Portfolio 2</div><div>3. Portfolio 3</div><div>4. Portfolio 4</div></div>		
<p>Notes:</p>		

Write your response below

Question 6	Customer 1	Customer 2
You unexpectedly receive a sizeable amount of money (not large enough to make a significant impact nor small enough to be meaningless) and the only condition is you have to invest in ONE of the following choices. Which one would you select?		
1. A bank account or term deposit. 2. A managed investment of shares and property. 3. A portfolio of listed shares. 4. A portfolio of high risk assets such as commodities & derivatives.		
Notes:		

Question 7	Customer 1	Customer 2
Assuming all of your money is held in cash, if you could increase your chances of improving your returns by taking more risk, would you be:		
1. Unlikely to take much more risk? 2. Willing to take risk with a quarter of the money? 3. Willing to take more risk with half of the money? 4. Willing to take more risk with all of the money?		
Notes:		

Risk Tolerance Total Score

TOTAL SCORE	Customer 1	Customer 2
-------------	------------	------------

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

INDICATIVE RISK PROFILE		Customer 1	Customer 2
23 - 25 High Growth	12 - 15 Moderate		
20 - 22 Growth	9 - 11 Defensive		
16 - 19 Balanced	7 - 8 Cash Only		

Financial Goals

Write your response below

Question 8	Customer 1	Customer 2
Which of the following best describes your financial goals?		
1. Avoid losing your capital 2. Achieve returns above inflation 3. Generating some current income and growing assets over an extended time frame 4. Growing assets substantially over an extended time frame		
Notes:		

Question 9	Customer 1	Customer 2
How do you expect your standard of living five years from now to compare to your standard of living today?		
1. Less than it is today 2. The same as it is today 3. Somewhat higher than it is today 4. Substantially greater than it is today		
Notes:		

Question 10	Customer 1	Customer 2
Do you believe that you need to take on more risk to achieve higher financial goals?		
1. Disagree 2. Agree		
Notes:		

Financial Goals Total Score

TOTAL SCORE	Customer 1		Customer 2	
-------------	------------	--	------------	--

Based on your total score, your financial goals indicator has been assessed as follows:

FINANCIAL GOALS ASSESSMENT		Customer 1	Customer 2
3-4	Low		
5 - 7	Med		
8 - 10	High		

Time Horizon

Write your response below

Question 11	Customer 1	Customer 2
How long would you invest the majority of your money before you think you would need access to it? (assuming you don't have any short term cash flow and/or emergency requirements)		
1. In 2 years or less		
2. Within 3–5 years		
3. Within 5–7 years		
4. Within 7–10 years		
5. Not for 10+ years		
Notes:		

Question 12	Customer 1	Customer 2
Which of the following best describes your current stage of life? (i.e. closest fit)		
<div><div>1. Retired. You rely on existing funds and investments to maintain your lifestyle in retirement. You may already be receiving a government pension or superannuation pension.</div><div>2. Preparing for retirement. You own your home and have few financial burdens; you want to ensure you can afford a comfortable retirement.</div><div>3. Mature family. You are in your peak earning years and your finances are under control. You both work and you may or may not have children that are growing up or have left home.</div><div>4. Young family with financial commitments.</div><div>5. Couple without children. Preparing for the future.</div><div>6. Single with few financial burdens. Ready to accumulate wealth for future short and long term goals.</div></div> <td></td> <td></td>		
Notes:		

Time Horizon Total Score

TOTAL SCORE	Customer 1		Customer 2	
-------------	------------	--	------------	--

Based on your time horizon total score, your time horizon indicator has been assessed as follows:

TIME HORIZON ASSESSMENT		Customer 1	Customer 2
2-4	Low		
5 - 8	Med		
9 - 11	High		

Preferred risk profile validation

Please complete this section with guidance from your Adviser (choose at least one applicable scenario).

Scenario 1 – Impact of negative returns	Response
<p>Refer to the chart on page 11 of the Risk Profiler Information Booklet (Risk profile performance over time)</p> <p>Let's look at a particular market event. If you had invested as per your indicative risk profile this is what your portfolio would look like.</p> <p>How do you feel about the change in the value of your investment?</p>	
Scenario 2 – Tolerance to market movements	Response
<p>Refer to the chart on page 12 of the Risk Profiler Information Booklet (Time reduces risk across risk profiles)</p> <p>Assume we invest your assets in your indicative risk profile and then consider the range of outcomes.</p> <p>Looking at the range of best-case and worst-case returns over time, how do you feel about the range of outcomes with respect to your financial goal (e.g. retirement)?</p>	
Scenario 3 – Managing your financial expectations	Response
<p>Refer to the charts on pages 11 and 12 of the Risk Profiler Information Booklet</p> <p>Assume we invest your assets in your indicative risk profile.</p> <p>How would you feel if your expected goal cannot be met?</p> <p>How would you feel if we dialled up your portfolio risk?</p>	

Indicative risk profile

Customer 1

Customer 2

Financial goals indicator

Customer 1

Customer 2

Time horizon indicator

Customer 1

Customer 2

Preferred risk profile

Based on further discussion, your preferred risk profile is:

Customer 1

Customer 2

Reasons for choice of preferred risk profile:

	Customer 1: Preferred Risk Profile	%	Customer 1: Alternative Asset Allocation	%	Customer 2: Preferred Risk Profile	%	Customer 2: Alternative Asset Allocation	%	Exceptions
Australian Shares		%		%		%		%	
International Shares		%		%		%		%	
Property & Infrastructure		%		%		%		%	
Fixed Interest		%		%		%		%	Reasons
Alternatives		%		%		%		%	
Cash		%		%		%		%	

* Please use blank space on page 14
if more writing room is required.

Declaration

- ☐ I/We declare that I/we am/are comfortable with the risk profile(s) that I/we have been assigned and I/we understand that this will be used to assist in determining an appropriate financial strategy for me/us.
- ☐ I/We confirm that my/our adviser has discussed gearing as a strategy with me/us, including but not limited to the long-term nature of this strategy, the increased impact of positive and negative returns due to borrowed funds, the risks involved in a gearing strategy and the importance of understanding options in relation to unwinding the strategy should my/our financial circumstances change or the strategy no longer be appropriate for me/us.

Customer 1 Signature

Date (dd/mm/yy)

Customer 2 Signature

Date (dd/mm/yy)

Returns guide

Investor Profile	Defensive					
	1 year		5 years		10 years	
Timeframe						
Output	potential high return	potential low return	potential high return	potential low return	potential high return	potential low return
Return (%) Annual	13.1%	-7.1%	9.1%	3.2%	9.4%	5.3%
Probability of a negative return	8%		0%		0%	
\$50,000	\$56,553	\$46,465	\$77,429	\$58,535	\$123,114	\$83,465
\$100,000	\$113,105	\$92,931	\$154,858	\$117,069	\$246,228	\$166,930
\$150,000	\$169,658	\$139,396	\$232,288	\$175,604	\$369,342	\$250,395
\$250,000	\$282,763	\$232,327	\$387,146	\$292,673	\$615,570	\$417,324
\$500,000	\$565,526	\$464,654	\$774,292	\$585,345	\$1,231,141	\$834,648
\$750,000	\$848,289	\$696,982	\$1,161,438	\$878,018	\$1,846,711	\$1,251,973
\$1,000,000	\$1,131,052	\$929,309	\$1,548,584	\$1,170,691	\$2,462,281	\$1,669,297
\$3,000,000	\$3,393,157	\$2,787,926	\$4,645,752	\$3,512,073	\$7,386,844	\$5,007,890
Investor Profile	Moderate					
	1 year		5 years		10 years	
Timeframe						
Output	potential high return	potential low return	potential high return	potential low return	potential high return	potential low return
Return (%) Annual	17.7%	-14.1%	11.0%	1.2%	10.5%	5.0%
Probability of a negative return	16%		0%		0%	
\$50,000	\$58,874	\$42,941	\$84,226	\$53,019	\$136,181	\$81,674
\$100,000	\$117,748	\$85,882	\$168,451	\$106,037	\$272,363	\$163,349
\$150,000	\$176,621	\$128,823	\$252,677	\$159,056	\$408,544	\$245,023
\$250,000	\$294,369	\$214,705	\$421,128	\$265,094	\$680,907	\$408,372
\$500,000	\$588,738	\$429,411	\$842,256	\$530,187	\$1,361,813	\$816,743
\$750,000	\$883,107	\$644,116	\$1,263,384	\$795,281	\$2,042,720	\$1,225,115
\$1,000,000	\$1,177,475	\$858,821	\$1,684,512	\$1,060,374	\$2,723,626	\$1,633,486
\$3,000,000	\$3,532,426	\$2,576,464	\$5,053,537	\$3,181,123	\$8,170,879	\$4,900,458
Investor Profile	Balanced					
	1 year		5 years		10 years	
Timeframe						
Output	potential high return	potential low return	potential high return	potential low return	potential high return	potential low return
Return (%) Annual	22.0%	-21.1%	12.5%	-1.3%	11.5%	4.0%
Probability of a negative return	24%		8%		0%	
\$50,000	\$60,980	\$39,451	\$90,155	\$46,813	\$148,254	\$73,705
\$100,000	\$121,960	\$78,901	\$180,310	\$93,627	\$296,508	\$147,410
\$150,000	\$182,940	\$118,352	\$270,465	\$140,440	\$444,761	\$221,115
\$250,000	\$304,900	\$197,253	\$450,774	\$234,067	\$741,269	\$368,525
\$500,000	\$609,800	\$394,505	\$901,548	\$468,135	\$1,482,538	\$737,050
\$750,000	\$914,700	\$591,758	\$1,352,323	\$702,202	\$2,223,807	\$1,105,575
\$1,000,000	\$1,219,600	\$789,011	\$1,803,097	\$936,269	\$2,965,076	\$1,474,100
\$3,000,000	\$3,658,801	\$2,367,032	\$5,409,291	\$2,808,808	\$8,895,228	\$4,422,299
Investor Profile	Growth					
	1 year		5 years		10 years	
Timeframe						
Output	potential high return	potential low return	potential high return	potential low return	potential high return	potential low return
Return (%) Annual	25.3%	-27.0%	13.7%	-3.3%	12.1%	3.1%
Probability of a negative return	28%		10%		0%	
\$50,000	\$62,631	\$36,522	\$95,128	\$42,216	\$156,326	\$67,581
\$100,000	\$125,262	\$73,044	\$190,256	\$84,433	\$312,651	\$135,163
\$150,000	\$187,892	\$109,566	\$285,384	\$126,649	\$468,977	\$202,744
\$250,000	\$313,154	\$182,609	\$475,641	\$211,082	\$781,629	\$337,907
\$500,000	\$626,308	\$365,219	\$951,281	\$422,163	\$1,563,257	\$675,814
\$750,000	\$939,461	\$547,828	\$1,426,922	\$633,245	\$2,344,886	\$1,013,721
\$1,000,000	\$1,252,615	\$730,438	\$1,902,562	\$844,327	\$3,126,514	\$1,351,629
\$3,000,000	\$3,757,845	\$2,191,314	\$5,707,687	\$2,532,981	\$9,379,543	\$4,054,886
Investor Profile	High Growth					
	1 year		5 years		10 years	
Timeframe						
Output	potential high return	potential low return	potential high return	potential low return	potential high return	potential low return
Return (%) Annual	26.7%	-29.5%	14.3%	-4.2%	12.2%	2.8%
Probability of a negative return	28%		11%		0%	
\$50,000	\$63,334	\$35,272	\$97,529	\$40,413	\$158,546	\$65,806
\$100,000	\$126,668	\$70,543	\$195,057	\$80,826	\$317,093	\$131,612
\$150,000	\$190,002	\$105,815	\$292,586	\$121,239	\$475,639	\$197,419
\$250,000	\$316,670	\$176,358	\$487,643	\$202,064	\$792,732	\$329,031
\$500,000	\$633,340	\$352,715	\$975,286	\$404,128	\$1,585,464	\$658,062
\$750,000	\$950,010	\$529,073	\$1,462,928	\$606,193	\$2,378,196	\$987,093
\$1,000,000	\$1,266,680	\$705,430	\$1,950,571	\$808,257	\$3,170,928	\$1,316,124
\$3,000,000	\$3,800,039	\$2,116,290	\$5,851,713	\$2,424,771	\$9,512,784	\$3,948,372

Disclaimer: The expected forecast returns are predictive and based on past performance for each underlying asset class. This is based upon modelling analysis of the expected variance in returns given the underlying neutral asset allocation represented across each portfolio. Whilst we have used every effort to ensure that the assumptions on which the expected forecast returns are based are reasonable, the returns may be based on incorrect assumptions or may not take into account known or unknown risks and uncertainties. Actual portfolio performance may differ materially from these expected forecast returns. Past performance is not a reliable indicator of future performance.

Notes

Important information

Information current as at 1 June 2018. This Information may contain material provided directly by third parties and is given in good faith and has been derived from sources believed to be accurate at its issue date. It should not be considered a comprehensive statement on any matter nor relied upon as such. While such material is published with necessary permission, no company in the Westpac Group accepts responsibility for the accuracy or completeness of, or endorses any such material. Except where contrary to law, we intend by this notice to exclude liability for this material. The information has been prepared without taking into account your personal objectives, financial situation or needs and because of this you should consider its appropriateness before acting on this information. Past performance is not a reliable indicator of future performance. This information was prepared by Magnitude Group Pty Ltd ABN 54 086 266 202 AFSL 221557 (Magnitude). Magnitude financial advisers are authorised representatives of Magnitude.