NBZ INVESTMENT ADVISORS, LLC

# Investment Objectives and Risk Tolerance Questionnaire

## Question 1

Which of the following statements best describes your current investing outlook?

☐ My first principle of investing is not to lose my principal. I can't afford to lose what I have now and do not want wild swings in the value of my portfolio.

☐ I understand that the stock market is going to have good years and bad years. I can accept some volatility and realize that my portfolio may decline in the short term. I can't risk large losses, though, or I won't be able to meet my retirement goals.

☐ In order to fund my retirement, my investment account has to grow substantially. I would prefer not to see large swings in value or losses, but I am willing to accept them in order to grow my savings.

☐ Historically, the stock market has returned 10% to 11% a year. I want to realize those returns over the long-term and I am not concerned with swings in portfolio value or large short-term losses.

## Question 2

The graph below shows the potential range of gains or losses of a $100,000 investment in each of seven hypothetical portfolios at the end of a 1-year period. The number to the right of each bar shows the best potential gain for that portfolio, while the number to the left of each bar shows the worst potential loss. Given that this is the only information you have on these seven hypothetical portfolios, which one would you choose to invest in?

☐ Portfolio A

☐ Portfolio B

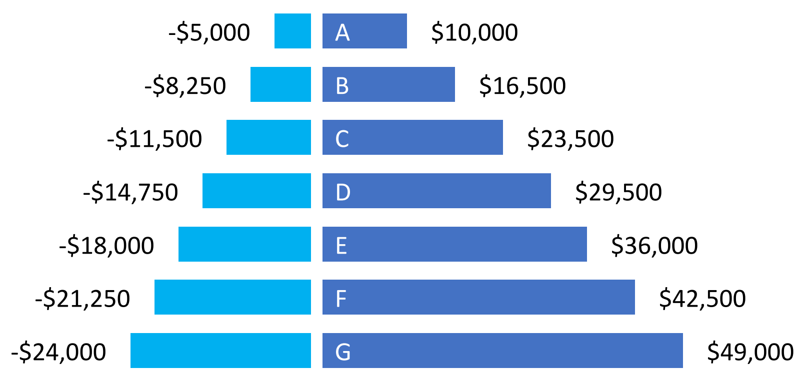
☐ Portfolio C

☐ Portfolio D

☐ Portfolio E

☐ Portfolio F

☐ Portfolio G




## Question 3

How many years do you plan to invest before needing to rely on your portfolio for cash flow?

☐ None, I need cash flow from my investments now
☐ 5 years
☐ 10 years
☐ More than 15 years

## Question 4

Inflation (rising prices for goods and services) can have a significant effect on your investments by decreasing their potential purchasing power over time. Aggressive investments have historically outpaced inflation over the long run, but have had more instances of short-term losses than more conservative investments. How do you feel about inflation and its impact on your investments?

☐ You are satisfied with your investments keeping pace with inflation. Limiting the potential for short-term loss is your main goal, and you are willing to sacrifice the potential for higher returns

- [ ] You would like your investments to outpace inflation. You are willing to assume some potential for short-term loss in order to achieve that goal.
- [ ] You prefer that your investments significantly outperform inflation. You are willing to assume a greater potential for short-term loss in order to achieve that goal.

**Question 5**

Suppose that a substantial portion of your investment portfolio is invested in securities. If the stock market were to experience a prolonged down market, losing 50 percent of its value over a 3-year period, what would you do (assuming your stocks behaved in a similar fashion)?

- [ ] Sell all the stocks in your portfolio. You are afraid that the stock market is in a downturn and you cannot afford the decrease in value.
- [ ] Sell half of the stocks in your portfolio. You think that the market may rebound, but you are not willing to leave all of your investment exposed to further loss.
- [ ] Hold the securities in your portfolio. You understand that your investment may be subject to short-term price swings and are comfortable 'weathering the storm'.
- [ ] Buy more securities for your portfolio to take advantage of their low price. You are comfortable with market fluctuations and assume that the stocks will regain their previous value or increase in value.

**Question 6**

Once again, assume you have a substantial portion of your investment portfolio in stocks. If the stock market were to gradually decline at an average of 2 percent per month, eventually losing 22% of its value over a year, which of the following would you do?

- [ ] Sell the securities in your portfolio and realize the 22% loss. You wish to avoid the risk of further loss.
- [ ] Sell half of the securities in your portfolio. You are not willing to leave all of your investment at risk for further loss.
- [ ] Do nothing. You are comfortable waiting for the stocks to regain their previous value or to increase in value.
- [ ] Invest more now because stocks are selling for approximately 22% less than they were 12 months ago. You believe that the stocks will regain their value or possibly appreciate even higher over the long-term.

**Question 7**

Aggressive investments have historically provided higher returns while exhibiting greater short-term price fluctuations and potential for loss. How do you feel about fluctuations in the value of your portfolio?

- [ ] You want to minimize the possibility of loss in the value of the portfolio. You understand that you are sacrificing higher long-term returns by holding investments that reduce the potential for short-term loss and price fluctuations.
- [ ] You can tolerate moderate losses in order to achieve potentially favorable returns.
- [ ] You can tolerate the risk of large losses in your portfolio in order to increase the potential of achieving high returns.

NBZ
INVESTMENT ADVISORS, LLC

**Question 8**

When you invest, the potential for higher returns increases as the risk (potential volatility and losses) you are willing to take increases. Considering your answers to the questions above, what average annual rate of return do you expect to earn on your long-term investments?

☐ 4%

☐ 6%

☐ 8%

☐ 10%

☐ 12%

**Scoring Guidelines:**

Assign the following point values for your answers to the above questions:

| | Answer 1 | Answer 2 | Answer 3 | Answer 4 | Answer 5 | Answer 6 | Answer 7 | Total |
|---|---|---|---|---|---|---|---|---|
| Question 1 | 1 | 2 | 4 | 5 | | | | |
| Question 2 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Question 3 | 1 | 2 | 4 | 5 | | | | |
| Question 4 | 1 | 3 | 5 | | | | | |
| Question 5 | 1 | 2 | 4 | 5 | | | | |
| Question 6 | 1 | 2 | 4 | 5 | | | | |
| **Total** | | | | | | | | |

After summing the values for all four questions, a rough guideline of the portfolio you might feel most comfortable choosing for long-term investing is as follows:

| | |
|---|---|
| 6 – 14 points | Conservative |
| 15 – 21 points | Moderate Conservative |
| 22 – 26 points | Moderate Aggressive |
| 27 – 32 points | Aggressive |

Please remember that in any form of investment there is a risk of loss of principal and that no investment returns can be guaranteed. Historically stocks have yielded a higher total return than bonds. However, stocks generally have a higher probability of fluctuation in value and loss of principal. In addition, the performance of stocks and bonds in the past is no guarantee of their performance in the future.