Edward Jones®

Risk Tolerance Questionnaire

Name: ______________________ **Date Completed:** ______________

Understanding your tolerance for risk is one step in developing your portfolio's asset allocation. While most define risk as the risk of losing money, risk may have an even broader definition – the risk you do not achieve your long-term goals.

After discussing your financial goals with your financial advisor, use this questionnaire to help highlight the risk you are willing to accept. This questionnaire is designed to help ensure your goals and return objectives are aligned with your risk tolerance. If not, this can serve as the reality check, helping you to understand the trade-offs between your financial goals and the risk required to achieve these goals.

With the help of your financial advisor, complete the questions on the following pages. Together, you can discuss your answers as well as your stage in life, current income needs and time horizon to create a financial strategy that better aligns your goals and tolerance for risk. This questionnaire was developed in partnership with Ibbotson & Associates, a leading authority on risk tolerance.

Understanding Your Risk Tolerance

1. How concerned are you about inflation? Answer ____

Investing involves trade-offs and prioritizing your goals. Stocks typically have more volatility (larger swings in value) than bonds but offer greater growth potential to keep up with inflation. The value of cash and fixed income may not change as much over time, but typically these investments have higher inflation risk (the risk that your money will buy less in the future). Select the statement you most agree with regarding volatility and inflation.

A. My goal is to minimize swings in portfolio value, even if growth does not keep pace with inflation.

B. My goal is for growth to at least keep pace with inflation, with the risk of modest swings in portfolio value.

C. My goal is for growth to exceed inflation, with the risk of modest to larger swings in portfolio value.

D. My goal is for growth to significantly exceed inflation, with the risk of larger swings in portfolio value.

2. Which statement best describes your investment objectives? Answer ____

A. Income: I want a portfolio designed to generate more consistent, but most likely lower, returns year to year, with a primary focus on current income. I want a low level of volatility and risk of loss, if possible.

B. Growth and Income: I prefer a portfolio that balances my growth objectives with my income needs. I prefer a portfolio with modest amounts of portfolio volatility and risk of loss over time.

C. Growth: I am willing to accept investments with a higher degree of volatility and risk of loss in exchange for the potential for achieving higher average returns over time.

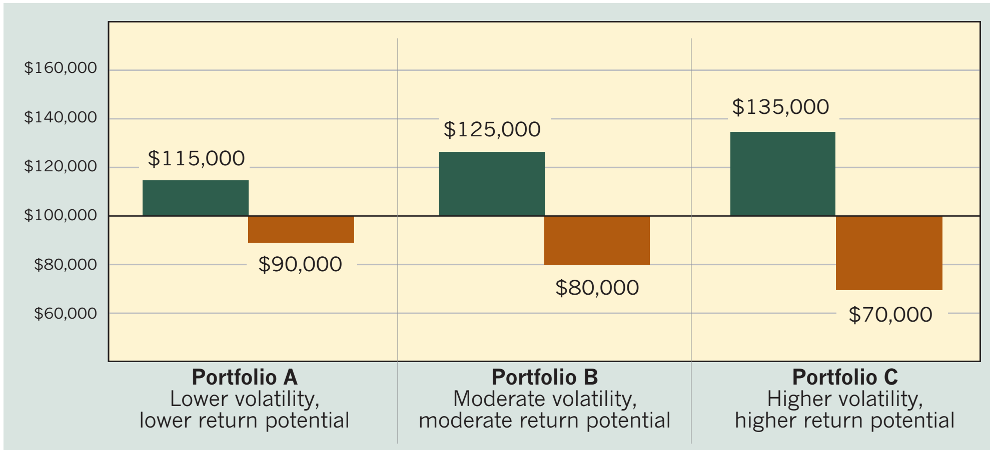
Edward Jones®

Risk Tolerance Questionnaire

Name: ______________________________

3. How comfortable are you with volatility? Answer ☐

The chart shows the potential range in values during a given year for three hypothetical portfolios, based on an initial value of $100,000. In general, which portfolio most aligns with your return objectives and comfort with volatility?



4. In general, which of the following statements best describes your thoughts regarding the trade-off between returns and volatility? Answer ☐

A. When investing, I am more concerned about my portfolio losing value. The return achieved is of secondary importance.

B. The potential for loss is of equal importance as the return achieved.

C. I am most focused on the return potential, and the potential for losses is of secondary importance.

5. In general, there have been several periods in market history in which the value of the market has dropped 25% or more in a year. If the value of your portfolio fell from $200,000 to $150,000 (25%) in one year, how would you react? Answer ☐

A. I would move my money to different investments to reduce the potential for future losses.

B. I would be concerned about the portfolio and would consider moving into different investments if the losses continued.

C. I would leave my money where it is and continue according to my long-term strategy.

D. I would leave my money where it is and consider investing more.

6. The table below shows hypothetical long-term returns, as well as possible gains and losses in any one year, for three portfolios. Given your return objectives and tolerance for volatility, which portfolio would you be most willing to invest in? Answer ☐

	Long-term Average Return	Possible Gain in One-year Period	Possible Loss in One-year Period
Portfolio A	4%	15%	-10%
Portfolio B	6%	25%	-20%
Portfolio C	8%	35%	-30%

Edward Jones®

Risk Tolerance Questionnaire

Name: ______________________________

Determining Your Risk Tolerance

Please enter the answers from the previous six questions into the corresponding boxes on the right and total the points. The highest points are awarded to the most aggressive answer choice. The risk tolerance score ranges from zero (most conservative) to 100 (most aggressive).

Interpreting your results
Take the risk tolerance score totaled in the first table and locate it in the second table. This will help identify the level of risk you are willing to take when investing for your long-term financial goals.

Your comfort level with risk, along with how long you have to invest, will help us determine the recommended Portfolio Objective for your goal.

	Your Answer					Answer Value
1		A=0	B=5	C=12	D=17	
2		A=0	B=8	C=16		
3		A=0	B=8	C=16		
4		A=0	B=8	C=17		
5		A=0	B=6	C=12	D=17	
6		A=0	B=8	C=17		
					Total	

Risk Tolerance Scale	
80–100	High
60–79	Medium to High
40–59	Medium
19–39	Low to Medium
0–18	Low

Determining Your Portfolio Objective

Since each of your goals will likely have a different time horizon, each may also have a different recommended Portfolio Objective. For your retirement goal, you and your financial advisor will use both your comfort with risk and your life stage to help determine which Portfolio Objective may be the most appropriate for you. Together, you'll also discuss your income needs, amount of existing savings and other financial goals, which may cause you to adjust your Portfolio Objective.

How would you describe your stage of investing?

	Early Investing Years: Your first job and not yet started a family
	Good Earnings Years: Stable job, growing family
	Higher Income & Savings Years: Peak of career advancement and earnings; children in or approaching college
	Early Retirement Years: Generally expect to spend 15 years or more in retirement and/or are in your 60s or early 70s
	Late Retirement Years: Generally been retired for more than 10 to 15 years and/or are in your late 70s or older

Portfolio Objective Guidance Table: Retirement Goal

Investor Risk Tolerance	Investor Life Stages: Early Investing Years	Good Earnings Years	Higher Income & Savings Years	Early Retirement Years	Late Retirement Years
High	Growth Focus	Growth Focus	Growth Focus	Balanced toward Growth	Balanced toward Growth
Medium to High	Growth Focus	Growth Focus	Growth Focus	Balanced toward Growth	Balanced Growth & Income
Medium	Growth Focus	Growth Focus	Balanced toward Growth	Balanced Growth & Income	Balanced toward Income
Low to Medium	Growth Focus	Balanced toward Growth	Balanced toward Growth	Balanced Growth & Income	Balanced toward Income
Low	Balanced toward Growth	Balanced Growth & Income	Balanced Growth & Income	Balanced toward Income	Income Focus