

RISK ANALYSER

The risk tolerance analyser comprises of a set of questions designed to assist with the identification of an investor's risk tolerance.

Once an investor's tolerance for risk has been identified and the Financial Advisor has obtained an understanding of his client's needs, an investment strategy most appropriate for the investor can be recommended.

An investor's risk tolerance and circumstances will change over time with the result that an investment portfolio should be evaluated by the Financial Advisor and the client on a regular basis.

Please answer all questions and indicate your answer by ticking the appropriate choice

INVESTMENT OBJECTIVE

1. WHAT % OF YOUR INVESTABLE ASSETS DOES THIS INVESTMENT REPRESENT: _____ %

2. WHAT IS YOUR PRIMARY INVESTMENT REQUIREMENT?

- | | |
|--------------------------|---|
| <input type="checkbox"/> | i) Protection of capital |
| <input type="checkbox"/> | ii) Maximum capital growth |
| <input type="checkbox"/> | iii) A steady income stream with moderate growth in capital |
| <input type="checkbox"/> | iv) Income generation |

3. WHAT IS YOUR PRIMARY INVESTMENT GOAL?

- | | |
|--------------------------|------------------------------------|
| <input type="checkbox"/> | i) Wealth creation |
| <input type="checkbox"/> | ii) Wealth preservation |
| <input type="checkbox"/> | iii) Consistent investment returns |
| <input type="checkbox"/> | iv) Income generation |

4. WHAT IS YOUR INVESTMENT TIME HORIZON?

- | | |
|--------------------------|-------------------------|
| <input type="checkbox"/> | i) 0 to 2 years |
| <input type="checkbox"/> | ii) 2 to 5 years |
| <input type="checkbox"/> | iii) 5 to 10 years |
| <input type="checkbox"/> | iv) 10 years and longer |

RISK TOLERANCE

1. PLEASE RATE THE FOLLOWING INVESTMENTS IN ORDER OF PREFERENCE
(1 = MOST PREFERRED TO 4 = LEAST PREFERRED):

- | | |
|--|-------------------------|
| | i) Equities |
| | ii) Bonds |
| | iii) Cash |
| | iv) 10 years and longer |

2. YOUR CURRENT ATTITUDE TOWARDS INVESTING OVER THE NEXT DECADE IS.

- | | |
|--|--|
| | i) I cannot afford any significant loss of capital, regardless of potential return |
| | ii) If I can get acceptable returns from bonds, it's not worth suffering through the ups and downs of the stock market |
| | iii) I believe in a combination of interest returns and the growth potential from equities |
| | iv) Higher risk investors will earn higher returns over time, irrespective of fluctuations in the short-term |

3. ASSUMING I WAS INVESTING OVER THE LONG-TERM, MARKET VOLATILITY WOULD NOT BE A PROBLEM.
YOUR ATTITUDE TOWARDS THIS STATEMENT IS...

- | | |
|--|---|
| | i) Totally disagree |
| | ii) Willing to tolerate some market fluctuation, but rarely any loss of capital |
| | iii) Willing to endure a limited amount of annual fluctuation in total annual return |
| | iv) Willing to accept negative returns from time to time, in the interest of building capital |
| | v) Agree completely |

4. WHAT IS YOUR TOLERANCE LEVEL FOR SHORT-TERM FLUCTUATIONS IN THE VALUE OF THE INCOME
GENERATED BY YOUR INVESTMENT?

- | | |
|--|---------------|
| | i) Very low |
| | ii) Low |
| | iii) Moderate |
| | iv) High |
| | v) Very high |

5. IF YOU WERE TO WIN R 100 000 WOULD YOU:

- | | |
|--|--|
| | i) Enter a draw where there is a 50 % change of winning R200,000 |
| | ii) Invest the money in a fixed deposit |
| | iii) Invest the money in the stock market |
| | iv) Place the money in a balanced portfolio |

v) Use the money to settle debt

6. YOU ARE GIVEN A SHARE TIP FROM A RELIABLE SOURCE. DO YOU?

i) Act on this information immediately and buy the share

ii) Ignore this information all together

iii) Find out more about the share

7. SHOULD A MARKET CRASH CAUSE THE VALUE OF YOUR INVESTMENT TO DROP BY 25%, WOULD YOU:

i) Cut your losses and sell out immediately

ii) Hold your investment as you believe in the long-term prospects

iii) Sell off part of your investment

8. GIVE YOUR PERSONAL FEELING ABOUT INVESTMENT LOSSES AND HOW WILLING YOU ARE TO TOLERATE LOSSES EMOTIONALLY:

i) No tolerance

ii) Little tolerance

iii) Average tolerance

iv) High tolerance

v) Very high tolerance

INVESTOR DECLARATION

I acknowledge that I have read and understood the questions as set out in the above Risk Analyser. I further declare that I have completed the analyser with reasonable care, with the knowledge that my financial advisor will place reasonable reliance on the results.

Signed at _____ on this _____ day of _____ 20

Full name of Investor: _____

Signature of Investor: _____

No representation, guarantee, warranty or undertaking of whatever nature is made or given concerning the accuracy and/or completeness of this risk analyser. Any investment is speculative and involves significant risk and in making any investment decision, you will rely solely on your own review and examination of the facts and the records relating to such investments. Past performance of the investment is not an indication of the future performance. AMAC Financial Management Services shall have no liability of whatever nature in respect of any claim, damages, loss or expense arising out of or in connection with the reliance by you, on the contents of this document

WEIGHTINGS

INVESTMENT OBJECTIVES:

- 1) The answer to this question should be kept in mind once the final scoring has been done and the investors risk tolerance has been determined. Also keep in mind any personal circumstances of your client that might have an impact on his/ her risk classification.

- 2) (i) 5
 (ii) 25
 (iii) 20
 (iv) 10

- 3) (i) 25
 (ii) 10
 (iii) 20
 (iv) 5

- 4) (i) 5
 (ii) 10
 (iii) 20
 (iv) 25

RISK TOLERANCE

- 1) Allocate corresponding values, according to the investor's preference rating:

PREFERENCE	1	2	3	4
EQUITIES	12	8	6	4
BONDS	6	4	3	2
CASH	4	3	2	1
BALANCED	8	6	4	2

- (i) If total equals 16 or 17, then the weighting equals 10
- (ii) If total equals 18,19 or 20, then the weighting equals 20
- (iii) If total equals 21 or 22, then the weighting equals 30

- 2) (i) 5
 (ii) 10
 (iii) 20
 (iv) 25

- 3) (i) 5
 (ii) 10
 (iii) 20
 (iv) 25
 (v) 30

- 4) (i) 5
 (ii) 10
 (iii) 20
 (iv) 25
 (v) 30

- 5) (i) 30
 (ii) 5
 (iii) 25
 (iv) 20
 (v) 10

- 6) (i) 25
 (ii) 10
 (iii) 20

- 7) (i) 10
 (ii) 25
 (iii) 20

- 8) (i) 10
 (ii) 20
 (iii) 40
 (iv) 50
 (v) 60

SCORING

POINTS	RISK TOLERANCE
0 – 180 point	Conservative
181 – 300 points	Moderate
301 – 360 points	Aggressive