INVESTMENT OBJECTIVE & RISK TOLERANCE QUESTIONNAIRE

MAINSTREET
ADVISORS



Investment Objective & Risk Tolerance Questionnaire

Client Name: _____

1. Desire for Potential Growth Relative to Safety of Principal:

- ☐ A. Stability of my account balance is paramount even if it means not keeping up with inflation
- ☐ B. Stability of my account is important, but I can accept a low to moderate amount of fluctuation in my account in order to keep up with inflation
- ☐ C. Account stability and potential long-term capital appreciation are equally important to me
- ☐ D. I am more focused on growth and willing to accept a higher level of risk to principal for higher potential returns
- ☐ E. I am seeking the most potential long-term growth and I am not concerned about large fluctuations in the value of my account

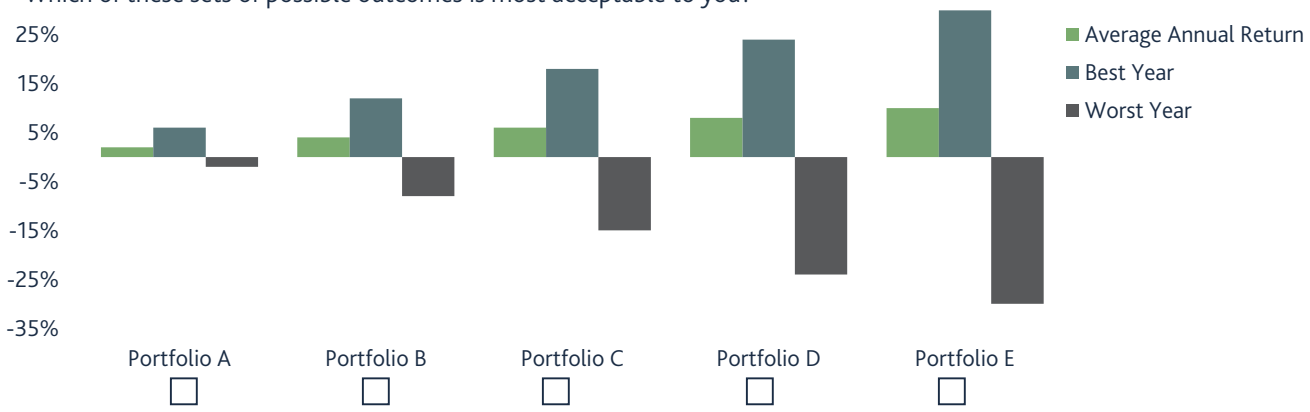
2. Desire for Higher Current Income Relative to Liquidity and Safety of Principal:

- ☐ A. Stability of my account balance is paramount even if it means accepting lower income
- ☐ B. Stability of my account is important, but I can accept a low to moderate amount of fluctuation in my account in order to generate more income
- ☐ C. Account stability and current income are equally important to me
- ☐ D. I am more focused on generating a high amount of current income and I am willing to accept a higher level of risk to principal to achieve it
- ☐ E. I am seeking to maximize current income and I am not concerned about the potential loss of principal in order to obtain it

3. Desire for Potential Growth Relative to Higher Current Income:

- ☐ A. I am seeking to maximize current income even if it means my assets don't keep up with inflation
- ☐ B. Generating current income is important, but I can accept a lower yield in order to grow my account over time
- ☐ C. Current income and potential long-term capital appreciation are equally important to me
- ☐ D. I am more focused on growth; generating current income is of lesser concern
- ☐ E. I am seeking to maximize growth and I am not concerned with generating current income from my portfolio

4. Which of these sets of possible outcomes is most acceptable to you?



☐ ☐ ☐ ☐ ☐

5. Which statement best describes your travel interests:

- [ ] A. I don't typically enjoy traveling to unfamiliar places
- [ ] B. I travel to new places occasionally, but would not be comfortable traveling outside of the country
- [ ] C. I enjoy traveling around the U.S. and have even taken a few trips to other nearby countries
- [ ] D. I really enjoy traveling outside of the U.S., but primarily visit developed countries like those in Western Europe
- [ ] E. I am a world traveler and get a thrill from visiting less-traveled places in developing countries

6. Which statement best describes your attitude toward fluctuations in your investments?

- [ ] A. I am very concerned any time my investments lose value
- [ ] B. Daily market fluctuations make me uncomfortable
- [ ] C. Daily losses aren't a big deal, but losses greater than 10% over a full quarter make me nervous
- [ ] D. I understand day-to-day market movements are normal and they do not bother me
- [ ] E. I consider the up and down movements of the market to be exciting

7. Which of the following best describes your reaction if your portfolio declined 20% in a given year?

- [ ] A. I would be in a panic and probably sell to limit further losses
- [ ] B. I would be very concerned and would look for ways to reduce risk
- [ ] C. I would be concerned but comfortable staying the course
- [ ] D. I knew this would be a potential risk and may look to add money in certain areas
- [ ] E. I would be excited about the potential buying opportunity this presented

8. You are at the airport and after three delays they finally announce that your flight is cancelled. You:

- [ ] A. Are irate and cut to the front of the line to speak to the gate agent
- [ ] B. Are frustrated
- [ ] C. Are a little perturbed, but patiently wait in line for re-booking
- [ ] D. Know these things can happen and it’s not worth getting upset about
- [ ] E. Are fine. It’s only five hundred miles to Nashville and there are rental cars available. Road trip!

9. Which statement best describes your interest in the financial markets:

- [ ] A. I know they exist, but don't follow them
- [ ] B. I'll read the occasional article or pay attention to the news if something big happens
- [ ] C. I more or less keep up with what's going on, but not on a daily basis
- [ ] D. I watch financial news programs or read investment-related periodicals almost daily
- [ ] E. I keep tabs on what's going on in the market throughout the day, every day

10. Which statement best describes your attitude toward your investment accounts:

- [ ] A. I glance at my annual statement and then put it in the trash can
- [ ] B. I might take a look every quarter or so
- [ ] C. I read my monthly statements to see if the total has gone up or down
- [ ] D. I check on my accounts at least once a week
- [ ] E. I check my accounts online every day to see how my stocks are doing

11. What statement best describes your desired involvement with the investment decision making process:

- [ ] A. I don't care to be involved at all and would rather leave it to the professionals
- [ ] B. I don't need to know when changes are made, but a few updates per year on how things are going would be appreciated
- [ ] C. I rely on my money manager to make decisions, but still like to be informed when a major change is made in my portfolio
- [ ] D. I am hesitant to allow someone else to manage my investments and want to remain involved in all decisions
- [ ] E. I am not comfortable having someone else manage my money and am just interested in hearing new investment ideas

12. What statement best describes your investment knowledge:

- [ ] A. It's not my thing and I don't really know much about it
- [ ] B. I know the difference between a mutual fund and an ETF
- [ ] C. I understand what key fundamentals like P/E and bond duration mean
- [ ] D. I have a good understanding of economic data and how it relates to the markets
- [ ] E. Calculating the covariance between two investments is child's play and I consider reading 10-K's an enjoyable experience

13. What statement best describes your degree of confidence in your investment knowledge:

- [ ] A. I have very little confidence in my ability to make investment decisions
- [ ] B. I'm not too sure how skillful I am when it comes to investments
- [ ] C. I know enough to be dangerous
- [ ] D. I believe an honest assessment of my investment decisions would show that I'm right more than I'm wrong
- [ ] E. I have the utmost confidence in my investing skills

14. What statement best describes the level of complexity of your past investment strategies:

- [ ] A. I have just kept my money in a savings account
- [ ] B. I invest through my company 401k, but just picked a target-date or allocation fund
- [ ] C. I have a diversified portfolio of various funds and ETFs
- [ ] D. I like to pick individual stocks and/or bonds to invest in
- [ ] E. In addition to investing in stocks, bonds and alternative investments, I also incorporate options strategies into my portfolio

Scoring: A = 1 point, B = 2 points, C = 3 points, D = 4 points, E = 5 points

INVESTMENT OBJECTIVE (Questions 1-3)

3 – 4	Capital Preservation
5 – 7	Income w/Some Growth
8 – 10	Balanced
11 – 13	Growth w/Some Income
14 – 15	Growth

The Investment Objective is used to determine the appropriate mix of assets for the portfolio. Objectives more geared towards capital preservation or generating current income will generally have a higher allocation to bonds. To have a reasonable expectation of meeting the return goals of a more growth-oriented objective, a higher allocation to equities is required in the portfolio.

RISK TOLERANCE (Questions 4-5)

2	Conservative
3 – 4	Below Average
5 – 7	Average
8 – 9	Above Average
10	Aggressive

Return goals must be reconciled with your risk tolerance to determine if they can be prudently met within your comfort zone. If you have high growth needs but a low risk tolerance, you may need to increase your contribution rate to meet those needs or otherwise lower your expectations for growth.

COMPOSURE (Questions 6-8)

3 – 4	Nervous
5 – 7	Uneasy
8 – 10	OK
11 – 13	Somewhat Easy Going
14 – 15	Calm

Having a good understanding of how well-composed you tend to be can help confirm your stated risk tolerance. A nervous or uneasy investor is not likely to stomach market volatility very well. This also gives us insight on your time horizon as those who lack patience are not likely to be willing to wait ten or more years for their investments to meet their return expectations. Someone with a high level of composure may become uninvolved, not bother to rebalance their portfolio, and ignore risks like concentrated positions.

INVOLVEMENT (Questions 9-11)

3 – 4	No Involvement
5 – 7	Little Involvement
8 – 10	Somewhat Involved
11 – 13	Keeps Informed and Involved
14 – 15	Makes All Decisions

If you do not want to spend your time researching investments and keeping tabs on your portfolio discretionary investment management may be appropriate for you. It is also a good idea to communicate with your investment professional as to the level of contact you want or expect.

EXPERTISE (Questions 12-14)

3 – 4	Novice
5 – 7	Basic Knowledge
8 – 10	Intermediate
11 – 13	Good Understanding
14 – 15	Expert

These questions will give your investment professional a better idea of how to communicate with you. Some clients would rather hear a simple overview of what's going on in the markets and economy, while others enjoy hearing the complex details.

ELECTION OUTSIDE OF RISK ANALYSIS SCORE

The above risk analysis scoring system is one tool to help you understand your investment risk tolerance and serves as a general guideline in selecting an appropriate investment objective for your financial situation. It is important to understand that any investment involves financial risk, including the loss of principal investment.

However, it cannot capture the totality of your financial circumstances and investment goals. There are instances where another investment objective may be more appropriate. By initialing below, you are acknowledging that you have reviewed the results of your risk tolerance analysis with your investment advisor and understand that you are electing a strategy outside of your risk analysis score result and its corresponding investment objective.

Client Preferred Investment Objective:

- ☐ Capital Preservation
- ☐ Income w/Some Growth
- ☐ Balanced
- ☐ Growth w/Some Income
- ☐ Growth

Initials _____