

Investor Profile

An investor profile or investor style outlines your preferred choices when making investment decisions. These choices can include how long you plan on holding investments, the types of investments you choose and your level of risk.

A typical Investor Profile Questionnaire should cover the following important areas:

- current personal and financial situation
- investment objectives and risk tolerance
- investment knowledge and experience

Each financial institution will have their own version of an investor profile. Many times, these are used as sales tools so approach with caution. I have compiled the following Investor Profile to help get you started.

The information gathered through this exercise is used to decide your ideal asset mix. Your ideal asset mix is based in large part to the amount of risk you are willing to take. [Click here for a discussion about risk.....](#)

- 1) Complete the questions below by circling the best answer that applies to you and your life to each question. Take your time. The more accurately you respond, the better the profile works.
- 2) Total your scores for each section.

Points:

- a=5
- b=4
- c=3
- d=2
- e=1

Section 1

Current Personal Situation

- 1) How old are you?
 - a) Under 30
 - b) 31– 40
 - c) 41 – 50
 - d) 51 – 65
 - e) Over 65

- 2) How long do you plan to invest these funds before you begin withdrawing cash?
 - a) not for at least 10 years
 - b) 5 to 10 years
 - c) 2 to 5 years
 - d) 1 to 2 years
 - e) Less than a year

Section 2

Financial Resources and Risk Tolerance

- 3) How many months of current living expenses could you cover with your present savings before you would have to cash in some investments?
- a) More than 12 months
 - b) 6 to 12 months
 - c) 3 to 6 months
 - d) Less than 3 months
 - e) You don't have savings
- 4) What do you expect to happen to your income over the next few years?
- a) It will probably increase a lot
 - b) It will probably increase a little bit
 - c) It will probably stay the same
 - d) It will probably decrease a little bit
 - e) It will probably decrease a lot
- 5) How much of your gross annual income have you been able to save in recent years?
- a) more than 15%
 - b) 10 to 15%
 - c) 5 to 10%
 - d) 1 to 5%
 - e) None
- 6) What do you expect will happen to your rate of savings over the next few years?
- a) It will probably increase a lot
 - b) It will probably increase a little bit
 - c) It will probably stay the same
 - d) It will probably decrease a little bit
 - e) It will probably decrease a lot
- 7) What do you want to achieve with your portfolio?
- a) Maximum asset growth
 - b) Strong asset growth with modest income
 - c) Moderate growth and income
 - d) Max. income with modest asset growth
 - e) Protect capital
- 8) Keeping in mind your financial goals, how much volatility or risk are you willing to take to achieve your portfolio's expected return? Even a diversified portfolio will experience some volatility, where it will likely have negative returns in some years.
- a) High volatility: has negative returns in 1 of every 4 years
 - b) Medium to high volatility: has negative returns in 1 of every 5 years
 - c) Medium volatility: has negative returns in 1 of every 6 years
 - d) Low to medium volatility: has negative returns in 1 of every 8 years
 - e) Low volatility: you require positive returns each year

9) How would you describe yourself?

- a) I'm optimistic that things will work out in the end.
- b) I'm objective and don't let emotions impact investment decisions.
- c) I'm cautious but open to new ideas.
- d) I'm anxious and will always worry.
- e) I'm a pessimist and always expect the worst.

10) In this question we are going to figure out how much of a temporary drop in the value of your investments you can handle. Suppose you have \$1,000 to invest and the choice of 5 different investments. Which of the following investments would you feel most comfortable investing in? There is no right answer, just be really honest with yourself.

- a) Investment #1: could have a balance in the range of \$840 to \$1,400 at the end of the year.
- b) Investment #2: could have a balance in the range of \$920 to \$1,220 at the end of the year.
- c) Investment #3: could have a balance in the range of \$960 to \$1,100 at the end of the year.
- d) Investment #4: could have a balance in the range of \$980 to \$1,060 at the end of the year.
- e) Investment #5: could have a balance in the range of \$990 to \$1,030 at the end of the year.

11) When it comes to understanding investments, how would you rate your knowledge?

- a) Extensive knowledge (complete understanding of investments)
- b) Considerable knowledge (understand different investment strategies)
- c) Fair amount of knowledge (aware of different investments and their risks)
- d) Basic knowledge (understand the differences between stocks, bonds and GIC's)
- e) Very limited (little knowledge)

12) How long would you be willing to wait for your investments to regain any lost value?

- a) One to two years.
- b) Six months to one year.
- c) Three to six months.
- d) Less than three months.
- e) Panic would set in right away

Points:

a=5

b=4

c=3

d=2

e=1

Question	Answer	Points
Section 1		
1		
2		
Section 1 score (add results from 1 and 2)		
Section 2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Section 2 score (add results from 3 thru 12)		

If Section 1 is:	Your Investment Time Horizon is:
1 to 3	Short-term (5 years or less)
4 to 6	Intermediate-term (5 to 10 years)
7 to 10	Long-term (over 10 years)
If Section 2 is:	Your Investment Style is:
5 to 10	Very conservative
11 to 20	Moderately conservative
21 to 30	Moderate
31 to 40	Moderately Aggressive
41 to 50	Very aggressive

Income-oriented investor

3% - 5% savings
20% - 35% growth
62% - 75% income

Balanced-oriented investor

0% savings
35% - 50% income
50% - 65% growth

Growth-oriented investor

0% savings
10% - 20% income
80% - 90% growth

Savings-oriented investor

100% savings
0% income
0% growth
Mix of gic's, savings mutual funds and savings accounts