

Risk Tolerance Questionnaire

Tolerance for risk is a key consideration in determining your probable level of comfort with varying investing choices.

Risk Questionnaire

Time Horizon

Your current situation and future income needs.

- 1 When do you expect to begin withdrawing money from your investment account?
- ☐ Less than 2 years
☐ 2 years
☒ 3 to 4 years
☐ 5 to 7 years
☐ 8 to 10 years
☐ 11 years or more

- 2 Once you begin withdrawing money from your investment account, how long do you expect the withdrawals to last?
- ☐ I plan to take a lump sum distribution
☒ 1 to 4 years
☐ 5 to 7 years
☐ 8 to 10 years
☐ 11 years or more

Risk Tolerance

- 3 Which of the following choices best reflects your attitude toward inflation and risk?
- ☒ My main goal is to avoid loss, even though I may only keep pace with inflation.
☐ My main goal is to earn slightly more than inflation, while taking on a low level of risk.
☐ My main goal is to increase my portfolio's value. Therefore, I am willing to accept shortterm losses, but I am not comfortable with extreme performance shifts that may be experienced in the most aggressive investment options.
☐ My main goal is to maximize my portfolio value, and I am willing to take on more extreme levels of risk and performance shifts in my portfolio to do so.

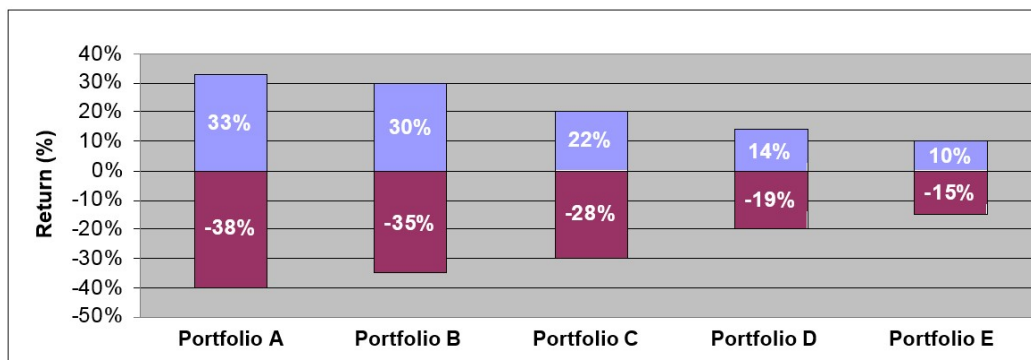
- 4 The table below presents a hypothetical worst case loss, expected gain, and best case gain of five sample portfolios over a one-year period with an initial \$100,000 investment. Which portfolio would you prefer to hold?

	Hypothetical Best Case (\$)	Expected Gain (\$)	Hypothetical Worst Case (\$)
<input type="checkbox"/> Portfolio 1	109,500	105,500	85,000
<input checked="" type="checkbox"/> Portfolio 2	114,500	107,000	81,000
<input type="checkbox"/> Portfolio 3	121,500	108,500	72,500
<input type="checkbox"/> Portfolio 4	130,000	110,000	65,000
<input type="checkbox"/> Portfolio 5	133,000	111,000	62,000

- 5 Investing involves a trade-off between risk and return. Which statement best describes your investment goals?
- ☐ Protect the value of my account. In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.
☒ Keep risk to a minimum while trying to achieve slightly higher returns than the returns provided by investments that are more conservative.
☐ Focus more on the long-term investment returns. Long-Term growth is equally as important as managing portfolio risk.
☐ Maximize long-term investment returns. I am willing to accept large and sometimes dramatic shortterm fluctuations in the value of my investments.
- 6 Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries. Suppose you owned a well-diversified portfolio that fell by 20% (i.e. \$1,000 initial investment would now be worth \$800) over a short period, consistent with the overall market. Assuming you still have 10 years until you begin withdrawals, how would you react?
- ☐ I would not change my portfolio.
☒ I would wait at least one year before changing to options that are more conservative.
☐ I would wait at least three months before changing to options that are more conservative.
☐ I would immediately change to options that are more conservative.

- 7 The following graph shows the hypothetical best and worst results of five sample portfolios over a oneyear holding period. Note that the portfolio with the highest upside also has the largest downside. Which of these portfolios would you prefer to hold?

☐ Portfolio A
☐ Portfolio B
☒ Portfolio C
☐ Portfolio D
☐ Portfolio E



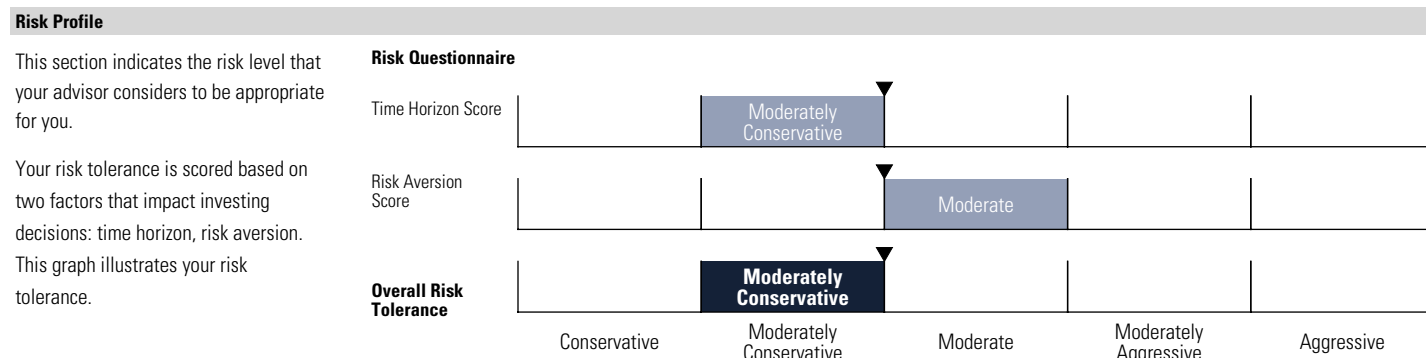
- 8 I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns. What is your view regarding this statement?

☐ Strongly disagree
☐ Disagree
☒ Somewhat agree
☐ Agree
☐ Strongly agree

DRAFT

Risk Tolerance Results

Tolerance for risk is a key consideration in determining your probable level of comfort with varying investing choices. Your responses to the questionnaire have been scored and then mapped to a mix of asset types listed in the chart below.



Conservative As a conservative investor, your portfolio will be invested in the most risk-averse areas such as cash and fixed-income securities. This approach offers a high degree of stability and should minimize the chances of substantial short-term volatility. The overall return, while not guaranteed, should fall within a narrow range of possibilities. However, particularly for time periods greater than five years, these returns may underperform the returns achievable from a higher-risk approach.

Risk Questionnaire ▶

Moderately Conservative As a moderately conservative investor, your portfolio will be invested primarily in risk-averse areas such as cash and fixed-income securities with only a modest exposure to equities. This approach concentrates on stability rather than maximizing return and should limit the chances of substantial short-term volatility. The overall return, while not guaranteed, should fall within a relatively narrow range of possibilities. However, particularly for time periods greater than five years, these returns may underperform the returns achievable from a higher-risk approach.

Moderate As a moderate investor, your portfolio will include investment in equities, balanced by exposure to more risk-averse areas of the market such as cash, fixed-income securities, and real estate. This approach aims to achieve a balance between stability and return but is likely to involve at least some short-term volatility. The overall return is not guaranteed, although the range of possible outcomes should not be extreme. In most circumstances, particularly for time periods greater than five years, these returns should outperform the returns achievable from a more conservative approach but may underperform the returns achievable from a higher-risk approach.

Moderately Aggressive As a moderately aggressive investor, your portfolio will be invested primarily in equities. This approach concentrates on achieving a good overall return on your investment while avoiding the most speculative areas of the market. Significant short-term fluctuations in value can be expected. The eventual return for the time period over which you invest could fall within a relatively wide range of possibilities. In most circumstances, particularly for time periods greater than five years, these returns should outperform the returns achievable from a more conservative approach.

Aggressive As an aggressive investor, your portfolio will be invested in equities and will include exposure to more speculative areas of the market. The aim is to maximize return while accepting the possibility of large short-term fluctuations in value and even the possibility of longer-term losses. The eventual return for the time period over which you invest could fall within a wide range of possibilities. In most circumstances, the return should outperform the returns achievable from a more conservative approach.

Risk Tolerance Disclosure Statement

General

Risk tolerance is an investor's general ability to withstand risk inherent in investing. This report confirms the responses that you gave to the risk tolerance questionnaire that was administered by your advisor, and summarizes the result of your responses. Your advisor has the ability to override the result to present you with a more appropriate result. Your risk tolerance is scored based on three factors: (1) time horizon, (2) long-term goals and expectations, and (3) short-term risk attitudes. Using a weighted average, an overall risk tolerance score is generated. This score is then mapped to one of the following risk tolerance profiles, from most risk averse to least: Very Conservative, Conservative, Moderate, Aggressive, Very Aggressive. Ultimately, you and/or your advisor have the final decision in determining your risk tolerance profile.

Although the scoring is objective, subjectivity cannot be completely eliminated using such planning tools. There is no guarantee that the risk assessment tool or its scoring accurately assessed your tolerance to risk. In addition, although the advisor may have directly or indirectly used the results of this questionnaire to determine a suggested asset allocation, there is no guarantee that the asset mix appropriately reflects your ability to withstand investment risk.

Prior to investing in a specific mutual fund or variable annuity or variable life subaccount, you must be provided a current prospectus.

Morningstar is not a broker/dealer.

Scoring

Your risk tolerance is scored based on three factors: (1) time horizon, (2) long-term goals and expectations, and (3) short-term risk attitudes. Using a weighted average, an overall risk tolerance score is generated. Each overall score is mapped to one of five possible portfolio asset mixes -- very conservative, conservative, moderate, aggressive, very aggressive. Each is constructed to theoretically represent a spectrum of risk/return profiles from least risky to most risky.

Asset Class Assumptions

The following scoring was applied for each response:

A = 5

B = 4

C = 3

D = 2

E = 1

The following total score resulted in each risk tolerance result:

Result	Score
Conservative	1-2
Conservative	1-17
Moderately Conservative	3-5
Moderately Conservative	3-17
Moderate	6-7
Moderate	6-17
Moderately Aggressive	8-10
Moderately Aggressive	8-17
Aggressive	11-17