

## Risk Profiling Procedure – of a client

<i>“Identifying your investment profile”</i>		
<b>1</b>	<b>Which of the following best describes your current stage of life?</b>	
	<b>a</b> Single with few financial burdens- Ready to accumulate wealth for future short term and long term goals.	(5 points)
	<b>b</b> A couple without children- Preparing for future by establishing a home. Expecting to have or already have a high purchase rate of household and consumer items.	(4 points)
	<b>c</b> Young family with a home -You have a mortgage and child care costs and maintain only small cash balances and cash equivalent.	(3 points)
	<b>d</b> You are in your peak earning years and your mortgage is under control- You both work and you may or may not have children that are growing up or have left home. You are ready to start thinking about your retirement years and life after that.	(5 points)
	<b>e</b> Preparing for retirement- You own your home and have few financial burdens; you want to ensure that you have a comfortable retirement with your family.	(2 points)
	<b>f</b> Retired- You rely on existing funds and investments to maintain your lifestyle in retirement. You may already be receiving a government pension and/or superannuation pension.	(1 points)
<b>2</b>	<b>How familiar are you with investment matters?</b>	
	<b>a</b> Not familiar at all with investments and feel uncomfortable with complexity	(1 points)
	<b>b</b> Not very familiar- when it comes to investments.	(2points)
	<b>c</b> Somewhat familiar- I don't fully understand investments including the share market.	(3 points)
	<b>d</b> Fairly familiar - I understand the various factors which influence investment performance.	(4 points)
	<b>e</b> Very familiar- I use research and other investment information to make investment decisions. I understand the various factors which influence investment performance.	(7 points)
<b>3</b>	<b>How long you have you been investing, not counting your own home or bank type deposits?</b>	
	<b>a</b> 4 years or more.	(4 points)
	<b>b</b> Up to 4 years.	(3 points)
	<b>c</b> This is my/our first investment.	(1 points)
<b>4</b>	<b>How long would you invest the majority of your money before you think you need access to it (Assuming you already have plans in place to meet short term cash flow and/or emergencies?)</b>	
	<b>a</b> In 1 years or less.	(1 points)
	<b>b</b> Within 2-6 years.	(3 points)

	<b>c</b>	Within 7-12 years.	(7 points)	
	<b>d</b>	Not for 12+ years.	(10 points)	
<b>5</b>	<b>Once you started using your invested money how long would you need it to last. ?</b>			
	<b>a</b>	Over a period of 3 years or less.	(0 points)	
	<b>b</b>	Over a period of 4- 6 years.	(1 points)	
	<b>c</b>	Over a period of 7-10 years.	(3 points)	
	<b>d</b>	More than 10 years/ retirement.	(5 points)	
<b>6</b>	<b>In 2007-2008 and 2020, the Indian share market fell more than 50% during this period. If the share component of your portfolio fell by 50% over the this period, would you:</b>			
	<b>a</b>	Sell all of the investments. You do not intend to take risks.	(1 points)	
	<b>b</b>	Sell a portion of your portfolio to cut your losses and reinvest into more secure investment sectors.	(3 points)	
	<b>c</b>	Hold the investment and sell nothing, expecting performance to increase	(5 points)	
	<b>d</b>	Invest more funds to lower your average investment price.	(7 points)	
<b>7</b>	<b>If your investment fell by more than 6% over a short period, would you:</b>			
	<b>a</b>	Sell of the remaining investment.	(1 points)	
	<b>b</b>	Sell a portion of the remaining investment.	(3 points)	
	<b>c</b>	Hold your investment and sell nothing.	(5 points)	
	<b>d</b>	Invest more funds. You can tolerate short term losses in expectation of future growth.	(6 points)	
<b>8</b>	<b>The table below shows the highest one year gain and highest one year loss on three different hypothetical investments of Rs. 10,00,000. ( Rs. Ten Lacs). Given the potential gain or loss in any one year, Where would you invest your money ?</b>			
	<b>a</b>	<b>Fund A</b>	(2 points)	
	<b>b</b>	<b>Fund B</b>	(4 points)	
	<b>c</b>	<b>Fund C</b>	(6 points)	
	<b>Fund</b>	<b>A</b>	<b>B</b>	<b>C</b>
	<b>Highest gain ( Rs.)</b>	55,000	225,000	460,000
	<b>Highest loss (Rs.)</b>	(25,000)	(120,000)	(350,000)
<b>9</b>	<b>Which one of the following statements describes your feelings towards choosing an investment?</b>			
	<b>a</b>	I would prefer investments with little or no fluctuation in value and have a low degree of risk associated with them. I am willing to accept the lower return associated with these investments I want to invest my money in risk free investment.	(1 points)	

	<b>b</b>	I prefer to diversify with a mix of investments that have an emphasis on low risk .I am happy to have a small proportion of the portfolio invested in assets that have a high degree of risk in order to achieve a slightly higher return. I am prepared to accept a negative investment return of 1 in 10 years.	(2 points)
	<b>c</b>	I prefer to have a spread of investments in a balanced portfolio. I am happy to have a negative return of 1 in 6 years.	(4 points)
	<b>d</b>	I prefer to diversify my investments with an emphasis on more investments that have a higher returns but still having a small amount of low risk investments. I am prepared to accept a negative return of 1 in 4 years.	(7 points)
	<b>e</b>	I would only select investments that have a higher degree of investment price fluctuations so that I can earn higher long term returns. I am happy to accept a negative return of 1 in 3 years in order to achieve this goal.	(10 points)
<b>10</b>	<b>How secure is your current and future income from sources such as salary, pensions and other investments ?</b>		
	<b>a</b>	<b>Not secure .</b>	(2 points)
	<b>b</b>	<b>Somewhat secure.</b>	(3 points)
	<b>c</b>	<b>Fairly secure.</b>	(4 points)
	<b>d</b>	<b>Very secure.</b>	(5 points)
<b>Additional questions</b>			
<b>1</b>	<b>Apart from your home, have you ever borrowed money to make an investment?</b>		
<b>Yes</b>		<b>No</b>	
(%of your total assets)			
<b>2</b>	<b>Would you consider borrowing money to make an investment?</b>		
<b>Yes</b>		<b>No</b>	
If yes what is the maximum level of borrowing (gearing)you are prepared to accept as a percentage of your net asset(Your equity) %			
<b>3</b>	<b>Are you proposing to sell option positions to open i.e writing positions?</b>		
	<b>a</b>	For income purposes over stock you hold;	(-5 points)
	<b>b</b>	Selling puts with a view to purchasing stock at a later date;	( 3 points)
	<b>c</b>	As a trading strategy to lock in time decay without necessarily holding the stock	(5 points)
	<b>d</b>	To generate immediate premiums and monitor to retain premiums, without holding the stocks and holding the minimal cash lodged	(7 points)
<b>4</b>	<b>What percentage of collateral utilization (stock/cash) do you deem appropriate to trade options?</b>		
	<b>a</b>	Greater than 90%	(10 points)
	<b>b</b>	75%	(5 points)
	<b>c</b>	50%	(3 points)

	<b>d</b>	Less than 20%	(0 points)
<b>5</b>	<b>If you suffer unrealized loss on an option position, would you:</b>		
	<b>a</b>	Roll the position to the next series	(5 points)
	<b>b</b>	Move the position to a higher series to achieve a greater premium;	(10 points)
	<b>c</b>	Sell increased positions;	(15 points)
	<b>d</b>	Close the position	(0 points)
<b>6</b>	<b>When trading CFDs will you trade?</b>		
	<b>a</b>	With the view to hedge your underlying portfolio;	(2 points)
	<b>b</b>	As a mean to increase returns on your portfolio;	(5 points)
	<b>c</b>	In a speculative nature to take advantage of opportunities;	(10 points)
	<b>d</b>	In very short term time frames as a trader	(15 points)
<b>Your score</b>			
Add up the points you scored for each answer. Based on the total points, you can compare your score with the range of profiles described below.			
<b>Total points:</b>		<b>Clients:</b>	
<b>Indicative investor profile</b>	<b>Score</b>	<b>Description</b>	
conservative	0-15 points	You are a conservative investor who does not wish to take any investment risk. Your priorities are the safeguarding of your investment capital. You are prepared to sacrifice higher return for peace of mind and happy with low return without any risk.	
Moderately conservative	16-25 points	You are moderately conservative investor who is prepared to accept a small amount of risk .Your priorities remain the preservative of capital over medium to long term. You may have some understandings of investment markets; however you cannot afford to take any chances with your capital.	
Balanced	26-40 points	You are balanced investor with some understanding of investment market behavior and can accept some short term risk to your capital. You do not wish to see all your capital eroded by tax and inflation and are prepared to take a small short term risk in order to maximize long term capital growth.	
Assertive	41-60 points	You are an assertive investor who understands the movement of investment markets. You are most interested in maximizing long term capital growth, although you do not wish to make unbalanced investment decisions. You are happy to sacrifice short term safety in order to maximize long term capital growth.	
Aggressive	60+ points	You are an aggressive investor. You are prepared to sacrifice your investment capital in pursuit of the highest long term capital growth investment. You are most interested in reducing in your taxable income and have an understanding of the behavior of investment markets.	
Please remember that this questionnaire is designed to help you evaluate your risk profile and that given the answers to the above questions. Your risk profile may be in the indicated sector.			



If you feel comfortable with the analysis provided then, your Fincos Technology Solutions Private limited advisor can use this device as an appropriate investment portfolio analysis. If don't agree with the analysis, or want to ask some questions about it, please discuss it with your Fincos technology Solutions Private Ltd advisor

**I hereby acknowledge that the above investment risk stance is consistent with my investment risk requirement and profile. I have had the concept of investment risk explained to me and am happy to proceed on this basis.**

**OR**

**The above investment risk stance is not consistent with my risk requirements and profile which I hereby nominate to be**

**Please proceed on this basis.**

[ ]

**(signature of client)**

**Name:**

**Date:**