

## Investment Discovery Questionnaire

This questionnaire will help us to understand your investment goals and objectives, investment horizon, risk tolerance category, expected cash flows into and out of the portfolio, and your liquidity needs. These factors are used to create your Investment Policy Statement (IPS). Your IPS then determines how your investment portfolio is managed.

If you are a couple, make sure to fill out one questionnaire per partner. Once completed, please upload your questionnaire(s) to your Investment Questionnaire folder in our Citrix Sharefile Server.

Client Name

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Date

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### Investments: Goals and Risk Temperament

Your Investment Planning Goals and Objectives	Not Important	Somewhat Important	Very Important	Your Ranking: 1 to 11 (1 = most important) <i>Please do not use the same number more than once.</i>
1. Accumulating wealth for the future				
2. Charitable giving				
3. Children / Grandchildren's education				
4. Controlling expenses or debt				
5. Emergency cash reserves				
6. Major purchases				
7. Preserving wealth for heirs				
8. Financial Protection from death or disability				
9. Reducing income taxes				
10. Retirement / Financial Independence				
11. Other:				

***Please indicate your reference currency (ies):***

***Describe the best and worst financial investment you've ever made:***

Best:

Worst:

***List any investment-related preferences and/or constraints that we should take into consideration:***

(Example: Don't sell any XYZ stock; don't invest in the gun industry; keep 50,000 in cash.)

***Please write a short sentence describing what investment risk means to you:***

(Example: Investment risk to me means the risk of losing money that I invested.)

***What information (TV, magazines, other people, etc) have you used in the past to make investment decisions?***

***Please estimate all large cash withdrawals from savings/investments in the next 5+ years, if known.***

(Example: 10,000 next year to buy a boat, 3,000 a month forever when I retire in two years.)

***How much input do you want to have regarding managing your investments?***

**1. Using the definition of risk you wrote above; indicate the general level of investment risk you are willing to accept.**

(Note: Risk and return are linked, meaning that one generally cannot get a high rate of inflation adjusted investment return without assuming a high level of investment risk.)

- A Low risk (I want maximum attention to be paid to minimizing what I said in the above statement)
- B Low to medium risk (I want maximum attention to be paid to minimizing what I said in the above statement)
- C Medium to high risk (I want moderate attention to be paid to minimizing what I said in the above statement)
- D High risk (I want little attention to be paid to minimizing what I said in the above statement)

**2. What is the rate of return goal for your total combined investment portfolio?**

(Note: Having 100% of your assets in a basket of large stocks (S&P500) has had an average return of about 9% including dividends, over the last 145 years. Over the last 25 years, about a 9% return. However, over the last 15 years, they returned only about 6.7%, including dividends. Having more than 75% of your assets invested in stocks is considered to be taking high risk. To have a lower allocation to stocks would lower the expected returns below the returns above, but with lower risk.)

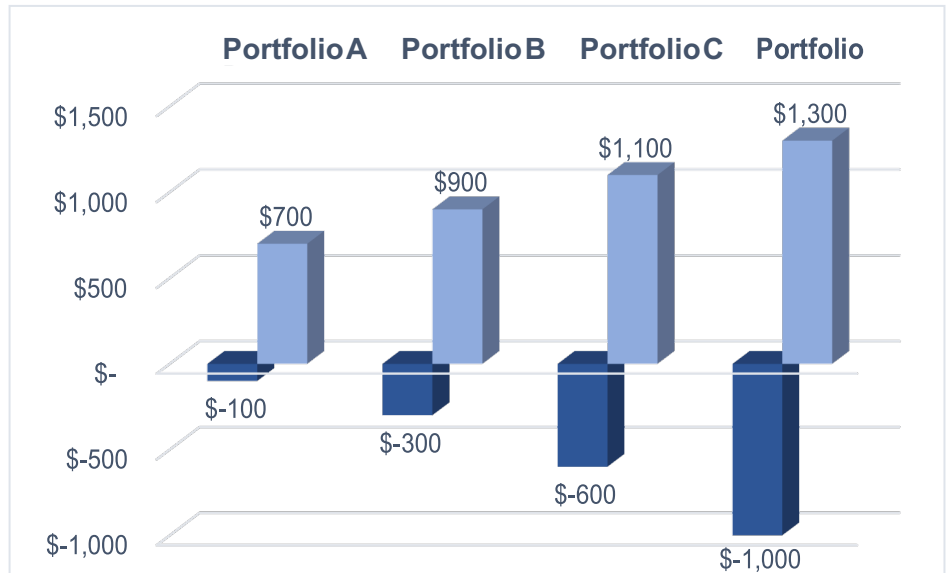
- A 2% to 4% average annual return
- B 4% to 6% average annual return
- C 6% to 8% average annual return
- D Over 8% average annual return

**3. Which of the following best describes your investment objectives & temperament?**

(Choose only one.)

- A **Income:** Preservation of capital with major emphasis on generating current investment income. Most investment income will be withdrawn and spent. E.g. I want the portfolio to produce income to live off of (either now or in the near future) while minimizing risks of principal loss.
- B **Income & Growth:** A combination of current income, preservation of capital, and capital appreciation, with the primary consideration being preservation of capital and current income. Some income will be withdrawn. E.g. I want the portfolio to produce income, but also provide enough principal growth so the income will keep pace, or outpace, inflation over a long-time horizon.
- C **Growth & Income:** A combination of capital appreciation and current income, with the primary consideration being growth of capital. Most income will be reinvested. E.g., I want the portfolio to grow moderately to accumulate wealth for future goals.
- D **Growth:** Maximum capital appreciation (long-term growth), accepting higher risk and volatility, with little or no income expected or withdrawn. E.g. I want the portfolio to grow substantially to accumulate wealth for future goals.

**4. The chart shows the one-year profit/loss on a \$10,000 investment from four different portfolios. Assume you have an equal chance of getting any random positive or negative return within each portfolio's range (do not assume you'll get the average of the minimum and maximum return). Which one portfolio would you choose?**



- A Portfolio A (Where you'll make between - 100 to + 700, or -1% to +7% over the next year.)
- B Portfolio B (Where you'll make between - 300 to + 900, or -3% to +9% over the next year.)
- C Portfolio C (Where you'll make between - 600 to + 1,100, or -6% to +11% over the next year.)
- D Portfolio D (Where you'll make between - 1,000 to +1,300, or -10% to 13% over the next year.)

**5. How do you feel about inflation and its impact on your investments?**

(Note: The US annual inflation rate has averaged 2.91% since 1926 but has also been over 10% several years in that period. Since 2000, the US annual inflation rate has averaged 2.1% and since 2010, inflation has been much lower in many countries.)

- A I am satisfied with my investments just keeping pace with the rate of inflation or being slightly above. I am willing to forego returns higher than inflation in order to limit the risk in my investments.
- B I prefer to achieve returns that are slightly to moderately above the rate of inflation (1% to 2% higher). I am willing to assume some risk in my investments in order to achieve such returns.
- C I prefer to achieve returns that are moderately above the rate of inflation (2% to 4% higher). I am willing to assume higher risk in my investments in order to achieve such returns.
- D I prefer that my investments achieve returns much higher than the rate of inflation (>4% higher). I am willing to assume significant risk in order to achieve returns that are much higher than inflation.

**6. How do you feel about short-term (one year or less) fluctuations in the value of your portfolio?**

(Note: A 5% fluctuation over one year in a 10,000 investment would mean its value would fluctuate between 9,500 and 10,500 over the year.)

- A I do not want the possibility of substantial fluctuations in the value of my portfolio. I prefer to minimize all fluctuations in the value of my portfolio.
- B I can tolerate small to moderate fluctuations in my portfolio (1% to 8%) in order to attempt to outpace inflation over the long term.
- C I can tolerate moderate to high amounts of fluctuations in my portfolio (8% to 15%) in order to attempt to achieve returns higher than inflation over the long term.
- D I can tolerate large fluctuations in my portfolio (>15%) in order to increase the potential of achieving returns much higher than inflation over the long term.

**7. Given the fact that it's normal for the value of investment portfolios to fluctuate year to year, what would you consider to be the maximum acceptable loss to your portfolio over a one-year time frame?**

- A Loss of 1% to 5% (Note: it's normal for even a conservative portfolio to go down in value sometimes.)
- B Loss of 6% to 10%
- C Loss of 11% to 20%
- D Loss of more than 20%

**8. How do you see your overall personal and business situation changing in the next few years regarding your family's employment, cash flow, health, legal, taxes, and potential for unforeseen financial expenditures?**

- A I am worried that there may be significant changes for the worse on the horizon
- B Everything seems stable and okay for now, but I'm still worried.
- C Everything seems stable and okay for the foreseeable future and may improve.
- D Everything seems like it will improve substantially over the foreseeable future.

**9. About what percent of your retirement income (all retirement income, including Social Security/Government Pensions and all employer pensions, etc.) do you anticipate coming from your investment portfolio with us?**

- A Over 75% of my retirement income will come from my investments with you.
- B 51% to 75% of my retirement income will come from investments with you.
- C 25% to 50% of my retirement income will come from my investments with you.
- D I / we won't be retiring in the next few years, and/or, less than 25% of my retirement income will come from my investments with you.

**10. How long do you plan to have your money invested before you begin to make significant or regular withdrawals from it?**

- A I expect to start withdrawing money in two years or less (or I'm currently withdrawing income).
- B I expect to start withdrawing money somewhere between two and ten years from now.
- C I expect to start withdrawing money somewhere between ten and twenty years from now.
- D Never, or I expect to start withdrawing money more than twenty years from now.

**11. Once you start withdrawing money, over how much time do you anticipate withdrawing it?**

- A One year or less.
- B Over a period of from 1 to 5 years.
- C Over a period of from 6 to 10 years.
- D More than 10 years, or over my lifetime.

**12. If you plan on taking any lump-sum withdrawals from your portfolio in the next year, approximately how much would it be?**

(Note: This is in addition to any regular monthly income distributions.)

- A I plan to take out 25% or more from my portfolio in the next year.
- B I plan to take out between 10% and 25% of my portfolio in the next year.
- C I plan to take out less than 10% of my portfolio in the next year.
- D I have no plans on making any lump-sum distributions in the next year.

**13. Assume that all of your stock holdings are invested in one stock investment fund (we know this is unrealistic, but please humor us and assume!). The stock market (and your fund) has experienced a near crash, losing 25% of its value in one month. What action would you take assuming this happened last month?**

- A Sell the stock fund. I am afraid the market is in a downturn, and I can't afford more decreases in value.
- B Sell half of my investment in the fund. I think that the market may rebound, but I'm not willing to leave all of my investments exposed to further loss).
- C Hold the fund. I understand that my investments may be subject to short-term price swings, and am comfortable "weathering the storm".
- D Buy more of the stock fund to take advantage of its low price. I am comfortable with market fluctuations, and assume that the fund will eventually regain its previous value, or increase in value.

**14. Again, assume that all of your stock holdings are invested in one stock investment fund. The stock market has been gradually declining at an average of 2% per month. This slow decline is also reflected in your stock fund. Your investment has lost 24% of its value from a year ago. You would want to:**

- A Sell the fund and realize the 24% loss. I do not believe the fund will regain its value.
- B Sell half of my investment in the fund. I am not willing to leave all of my investment at risk for further loss.
- C Do nothing. I am comfortable waiting for the fund to regain its previous value, or increase in value.
- D Invest more now because the fund is selling for much less than it was 12 months ago. I believe the fund will regain its value, or possibly appreciate higher than its initial value.

**15. Which one of the following investment choices have you utilized most of the past and feel most comfortable with investing in the future?**

- A Saving accounts, CDs/Fiduciary Deposits, saving bonds, money market funds, and/or government/municipal bonds.
- B Corporate bonds or stocks, mutual funds holding these assets, and/or rental real estate.
- C International stocks or bonds, or mutual funds that invest mostly in these types of securities.
- D Limited partnerships, commodities like gold, penny stocks, or derivatives such as options or futures.

**16. How much experience do you have with investing your own funds?**

- A None (e.g., I have very limited knowledge or expertise.)
- B A little (e.g., I've bought some mutual funds and/or have self-directed my 401(k) funds.)
- C Some (e.g., I keep informed on the subject and have invested money myself here and there.)
- D Extensive (e.g., I watch the markets routinely, and control how my funds are invested.)

**17. What is your estimate of the average annual rate of return of the US and/or major European & Asian stock markets over the next 10 years?**

- A Negative return or small average annual gain of up to 3%.
- B Average annual gains of around 3% to 6%.
- C Average annual gains of around 6% to 9%.
- D Average annual gains of more than 9%.



**18. How many children, parents (or other people) currently depend on you for financial support?**

- A 0-1
- B 1-2
- C 3-4
- D 5 or more

Please list your dependents here:

**19. What's your outlook for US, Western European and Asian business conditions, economic growth, employment, inflation, and the overall economy over the next few years?**

- A I am worried there may be a slowdown in business, higher inflation, and/or higher unemployment.
- B I think that business conditions and the overall economy will be about the same, but I'm still worried.
- C I think that business conditions and the overall economy will be about the same and may improve
- D I think that business conditions and the overall economy will improve substantially.

**20. Imagine you owned what you thought was a conservative investment portfolio. Over the last year, it lost 5% of its value. Over the same period, the stock market as a whole lost 10%.**

- A I am shocked and upset that my conservative portfolio could actually lose money.
- B I am surprised and concerned that my conservative portfolio actually lost money.
- C I feel okay that my conservative portfolio lost only 5% when the market was down 10%.
- D I am very happy that my conservative portfolio only lost 5% while the market was down 10%

**21. Imagine your growth and income investment portfolio (invested 60% in stocks) increased 7.2% over the last year, while the stock market as a whole went up 12% over the same period.**

- A I feel okay because I didn't lose money, and my return was still much higher than bank-type investments.
- B I feel okay as long as the portfolio doesn't lag the market by so much every year.
- C I am curious and concerned why my portfolio did not keep up with the stock market as a whole.
- D I'm not happy and I don't understand why my portfolio did not outperform the stock market as a whole.

**22. You've just received a windfall equal to one-half of your current investment portfolio. How would you invest these proceeds?**

- A I would invest in something that offered moderate current income and was very conservative.
- B I would invest in something that offered high current income with a moderate amount of risk.
- C I would invest in something that offered high total return (current income plus capital appreciation) with a moderately high amount of risk.
- D I would invest in something with substantial capital appreciation potential even though it was risky.

**23. Which option in both questions (A) and (B) would make you the most upset?**

(Please answer both A & B.)

- A Holding cash/money market funds when the market goes up (you missed the boat); OR Holding stocks when the stock market goes down.
- B Selling a stock and seeing it immediately increase in value (got out too soon); OR Buying a stock and having it immediately decrease in value.

**24. Do you realize that the US, European and/or other major world stock markets have all lost at some point over 30% in one year several times in the past, and are likely to lose this much – or more – in one year, sometime in your lifetime?**

- A Yes, I realize this is possible.
- B No, I didn't know this, or don't think this is possible.

**25. What percentage of your portfolio do you estimate to need for day-to-day income?**

The Next 12 Months	In 5 to 7 Years
None (0%)	None (0%)
Low (0% to 3%)	Low (0% to 3%)
Medium (3% to 5%)	Medium (3% to 5%)
High (Greater than 5%)	High (Greater than 5%)

**26. About what percent of your investment portfolio will be managed with our firm?**

- A Over 75% of my investments will be with your firm.
- B 51% to 75% of my investments will be with your firm.
- C 25% to 50% of my investments will be with your firm.
- D Less than 25% of my investments will be with your firm.

**27. Which income range best describes your income after taxes?**

- A Less than 100,000
- B Between 100,000 and 250,000
- C Between 250,000 and 500,000
- D Greater than 500,000

**28. What is your approximate net worth?**

- A. 0 - 1,000,000
- B 1,000,000 - 2,000,000
- C 2,000,000 - 5,000,000
- D Greater than 5,000,000
- E Not sure

**29. Which range best describes your investable assets, including accrued value of company pension(s)?**

- A Less than 500,000
- B Between 500,000 to 1,000,000
- C Between 1,000,000 to 3,000,000
- D Over 3,000,000

**30. Which age range best describes your current age(s)?**

- A 0 - 34
- B 34 - 55
- C Over 55 + Working
- D Over 55 + Retired
- E Over 70

**31. In today's money, what level of income (after taxes) would you like to have during your retirement?**

per month \_\_\_\_\_ per year \_\_\_\_\_

**32. Can you estimate your current marginal tax rate \_\_\_\_\_% and**

**average tax rate \_\_\_\_\_%?**

**33. Have you been involved (or are you currently involved) in any legal proceedings or tax audits that have had or may have an impact on your financial situation?**

*[Yes/No/Other]*

*If yes, please describe briefly:*

**34. What is your nationality(ies)? Are you a US Citizen, Green Card holder or otherwise a US Taxpayer?**

**35. What is your preferred email address for correspondence with White Lighthouse Investment Management? [We recommend not using your employer e-mail account.]**

## Creating Your Personal Goals and Expectations

Please prepare a prioritized list of your personal financial and investment related goals. Also list any services or benefits you expect to receive as a result of your relationship with us. Your list will help keep us focused on the services you believe are the most important. Your personal list will be reviewed at future meetings. We will suggest additions to your list if we believe specific services or benefits would be of value to you. Your list may expand and contract with time as your needs change and as projects are completed.

A sample list might look like this:

- We need quality investment advice because we don't have time to do it ourselves.
- We want to get good return on our investments, but don't want to worry about them.
- We want to give 25,000 to the local college when we pass away.
- We would like to have financial statements and reports that we can easily understand.
- Our accountant needs timely information for our tax returns.
- We want to have more free time now to help our church and community.
- We are worried about paying too much in federal estate taxes.
- Spend 50,000 to travel around the world.

Is there anything you think we should have asked you on these forms, but didn't?