

## Understanding Investment Objectives and Risk

At CCS, our top priority is providing objective advice to help you meet your financial goals. To do this, we must share an understanding of your expectations with your Financial Professional and how you can work together toward achieving your specific goals.

*All investors have goals that help guide their investment decisions.*



Investment goals typically have different **time horizons** and different **income and growth needs**. Investors also have different risk tolerances, independent of their income and growth needs.

Risk tolerance is the **amount of risk or loss** an investor is willing and able to accept in order to achieve his/her financial goals and is measured on a continuum that increases from "Conservative" to "Moderate" to "Aggressive," and finally "Trading and Speculation."

**In determining an investment objective, it is important for you to assess your risk tolerance and your need for income and growth.**

**Investment Objective.** Focusing on your investment objectives helps your Financial Professional align the other parts of your investment strategy – risk tolerance, time horizon, and liquidity needs – appropriately. Asset allocation models are grouped within four overarching portfolio orientations:

- **Income:** Portfolios that primarily seek current income with minimal consideration for capital appreciation. They usually have less exposure to historically more volatile growth assets.
- **Growth and Income:** Portfolios that seek a blend of current income and capital appreciation. They usually have some exposure to historically more volatile growth assets.
- **Growth:** Portfolios that primarily seek capital appreciation with minimal consideration for current income.
- **Trading and Speculation:** Portfolios that primarily seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.

**Time horizon.** How long do you plan to invest before you'll need the money? The answer, of course, depends on your stage in life and your goals. Your time horizon is the expected number of months, years, or decades you plan to invest toward your financial goals. Time horizon is generally expressed as:

- Immediate – Less than 1 year
- Very short-term – 1 to 3 years
- Relatively short-term – 3 to 5 years
- Intermediate – 5 to 10 years
- Long-term – More than 10 years

**Risk tolerance.** Many investors differ when it comes to factoring risk into their investment strategy. Each investment strategy should include an appropriate mix of investments, based on the customer's objectives. Risk tolerance is the amount of risk you're willing and able to accept in order to pursue your financial goals. Risk tolerance should be viewed along the following continuum:

- *Conservative* investors accept the lowest amount of risk.
- *Moderate* investors seek a balance between stability and appreciation in their portfolio.
- *Aggressive* investors accept a higher risk for losses while seeking greater potential for returns.

**Liquidity Needs.** Your investment objective and risk tolerance should also consider your liquidity needs. Liquidity need represents the extent to which a customer desires the ability or has financial obligations that dictate the need to quickly and easily convert to cash all or a portion of an investment. For reference, cash is the most liquid asset, while real estate, fine art, and collectibles are all relatively illiquid. Liquidity needs include:

- Significant (primary need is liquidity)
- Moderate (may need quick access to cash)
- None (have other sources of cash)

**While all investments involve some degree of risk, including the potential for loss of principal, some investments involve more risk than others. For example, higher risk investments may have the potential for higher returns, but also have the potential for greater losses. Please carefully review these with your Financial Professional and select the one that most closely describes your risk tolerance, investment needs, and investment reference.**

### **Client Risk Profile Questionnaire**

The Client Risk Profile questionnaire is a specialized tool that can help you and your Financial Professional examine your risk tolerance to help ensure your investments are in-line with your expectations. The assessment consists of a short series of questions that will enable your Financial Professional to tailor an investment plan to help you toward achieving your goals and objectives. A copy of the questionnaire follows...

PLEASE NOTE:

THIS INFORMATION IS NOT INTENDED TO BE A CLIENT-SPECIFIC SUITABILITY ANALYSIS OR RECOMMENDATION, AN OFFER TO PARTICIPATE IN ANY INVESTMENT, OR A RECOMMENDATION TO BUY, HOLD, OR SELL SECURITIES.

# Client Risk Profile

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First Name \_\_\_\_\_ Middle Name \_\_\_\_\_  
Last Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
E-mail address \_\_\_\_\_ Phone Number \_\_\_\_\_

**The Client Risk Profile questionnaire is a specialized tool that can help you and your Financial Professional examine your risk tolerance to help ensure your investments are in-line with your expectations. The assessment consists of a short series of questions that will enable us to tailor an investment plan to help you achieve your goals and objectives.**

*Not intended to be a substitute for firm records. It is a tool for you and your Financial Professional to assist in planning for your investment goal and risk tolerance. If a change to your stated objectives/tolerance for risk or other information is required, please contact your Financial Advisor to update your official client profile that is part of your account records.*

**Please fill out all the questions on this questionnaire and return to your Financial Professional.**

**1. How long do you plan to invest toward your financial goal?**

1-3 years  3-5 years  5-10 years  10+ years

**2. Do you have other savings to pay for unexpected expenses (e.g., car or home repairs)?**

- No, I would need to use this invested money to pay for unexpected expenses.
- Yes, I have some savings, but I might need to use some of this invested money.
- Yes, I have sufficient savings, so I probably wouldn't need to use this invested money.

**3. What do you want most from your investments?**

- Less volatility, even if that means there is little growth potential.
- Investment income (e.g., dividends, interest payments), with some growth potential over the long term.
- Some investment income, but more growth potential over the long term.
- The highest growth potential over the long term, with little or no need for current or near-term investment income.

**Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value**

**4. How would you rate your willingness to take risks with the money you invest?**

Very low  Low  Moderate  High  Very high

**5. Are you comfortable with significant fluctuations in your investments as you seek long-term gains?**

No  Only a little  Somewhat  In most cases  Yes

**6. Understanding that investments go up and down in value, how much of a drop could you tolerate over the course of a year for a \$100,000 investment?**

1% (\$1,000)  5% (\$5,000)  10% (\$10,000)  15% (\$15,000)  25% or greater (\$25,000)

**Important Disclosures:** All investors have goals that help guide their investment decisions. Investment goals typically have different time horizons and different income and growth needs. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher risk investments, followed by “Growth and Income” investors holding some higher risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher risk investments. In addition, investors have different risk tolerances, independent of their income and growth needs. Risk tolerance is the amount of risk or loss an investor is willing and able to accept in order to achieve his/her financial goals and is measured on a continuum that increases from “Conservative” to “Moderate” to “Aggressive.” In determining an investment objective, it is important for you to assess your risk tolerance and your need for income and growth.

While all investments involve some degree of risk, including the potential for loss of principal, some investments involve more risk than others. For example, higher risk investments may have the potential for higher returns, but also have the potential for greater losses.

**Investment Time Horizon:** Accounts will have different time horizons based investment goals/objectives. A long-term time horizon would be considered ten years or more. An intermediate time horizon would be five to ten years. A relatively short time horizon would be three to five years. A very short time horizon would be one to three years. An immediate time horizon would be less than one year.

**Liquidity Needs:** Liquidity need represents the extent to which a customer desires the ability or has financial obligations that dictate the need to quickly and easily convert to cash all or a portion of an investment or investments without experiencing significant loss in value from, for example, the lack of a ready market, or incurring significant costs or penalties.

*This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.*