

# YOUR RISK PORTRAIT

## INTRODUCTION

Risk profiling is a process to determine the optimal level of investment risk you are willing to take in order to achieve your investment goals. It is based on psychometrics, to determine the scientific method of assessing personal traits.

Through this risk portrait assessment, we aim to:

- create a personal portrait of your investing characteristics.
- help you to understand your risk position.
- provide you with appropriate investing advice and empower you in your decision making process.

## DISCOVERY INVEST HAS DEVELOPED A STATE OF THE ART RISK PROFILING PROCESS

Your investment risk profile can be divided into your **capacity** to accept risk and your **attitude** to risk. We aim to differentiate between these types of risks.

**Your capacity to accept risk** is how much investment risk you should objectively take in order to achieve the required returns to meet your goals. This is based on:

- your financial circumstances.
- your investment goals.

**Your attitude to accept risk** is subjectively how you feel about investing and your willingness to take on investment risk. This is based on:

- your comfort with regard to risk which is a product of your psychological traits.
- regret.
- your personal investment preferences.

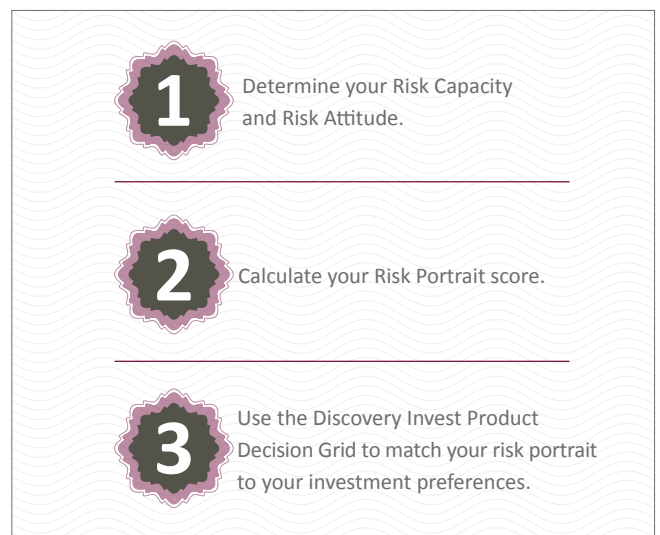
**The combination of these two components is your Risk Portrait.**

## THE DISCOVERY INVEST RISK PORTRAIT

Risk profiling requires each of these characteristics to be separately assessed so that they can be compared to each other.

Risk Capacity and Risk Attitude both act differently in allowing you to assess your Risk Portrait.

There are three simple steps to discovering your Risk Portrait:



The aim of the Risk Portrait is to allow you to understand objectively where you should invest (your Risk Capacity) as well as how you are likely to feel about your investment decisions (your Risk Attitude).

# DETERMINE YOUR RISK CAPACITY

		Score	My Score
<b>1. What is your age?</b>			
A	Under 30	17	
B	31 to 40	12	
C	41 to 50	9	
D	51 to 60	1	
E	Over 60	0	
<b>2. How many years are you likely to wait before you can withdraw from your investments?</b>			
A	Less than 5 years	1	
B	5 to 10 years	4	
C	11 to 15 years	8	
D	More than 15 years	16	
<b>3. What is the approximate net value of your current investments (including unit trusts, shares, investment property value, without any outstanding debt, etc.)?</b>			
A	Half my annual income	0	
B	Equal to my annual income	2	
C	Double my annual income	3	
D	Triple my annual income	9	
E	More than triple my annual income	12	
<b>4. How do you expect your income to grow in the next few years?</b>			
A	Slower than inflation	1	
B	At about the same rate as inflation	3	
C	Much quicker than inflation	8	
D	Unpredictable and potentially fluctuate	0	
<b>5. How will you cover the major costs (including dependents) you are likely to incur before retirement?</b>			
A	With my income only	11	
B	I don't have major costs or dependents to worry about	10	
C	Withdrawing a small part of my savings	6	
D	Withdrawing more than half of my savings	2	
E	Withdrawing most of my savings	0	
<b>6. How much insurance cover do you currently have? Theft, accident, illness, death, etc.</b>			
A	Almost none	0	
B	Some	2	
C	Considerable	4	
D	Almost everything	7	

# DETERMINE YOUR RISK ATTITUDE

Score

My Score

## 7. How do you usually feel about your major financial decisions after you make them?

A	Very pessimistic	0
B	Somewhat pessimistic	1
C	Somewhat optimistic	3
D	Very optimistic	4

## 8. How would you react to fluctuations in the market?

A	You are very concerned if your investments lose any value and are likely to sell and invest elsewhere	0
B	If an investment loses 5% over a quarter, you are likely to sell and invest elsewhere	0
C	You will wait until you have watched the performance of an investment for at least a year before making changes	1
D	You will stick to a long term investment plan even if you experience significant losses in the short term	4

## 9. You invest R100 000 for 5 years. Given these best and worst case scenario, which would you choose?

A	Best case: R130 000, Worst case: R120 000	0
B	Best case: R160 000, Worst case: R90 000	2
C	Best case: R200 000, Worst case: R70 000	3
D	Best case: R250 000, Worst case: R50 000	4

## 10. When you think of the word risk in a financial context, which of the following words comes to mind first?

A	Danger	0
B	Uncertainty	0
C	Opportunity	2
D	Thrill	4

## 11. How do you feel if the performance of your recent investments is below your expectations?

A	Very upset	0
B	Somewhat upset, but hope that it will improve in the future	1
C	Uneasy but willing to take it in my stride	2
D	Not concerned as I expect to invest for the medium to long-term	4

## 12. The expression that best describes your attitude to investing is:

A	You get a thrill from taking risks	4
B	You enjoy taking risks	3
C	You evaluate very carefully before taking risks	1
D	You prefer to stay away from risks	0

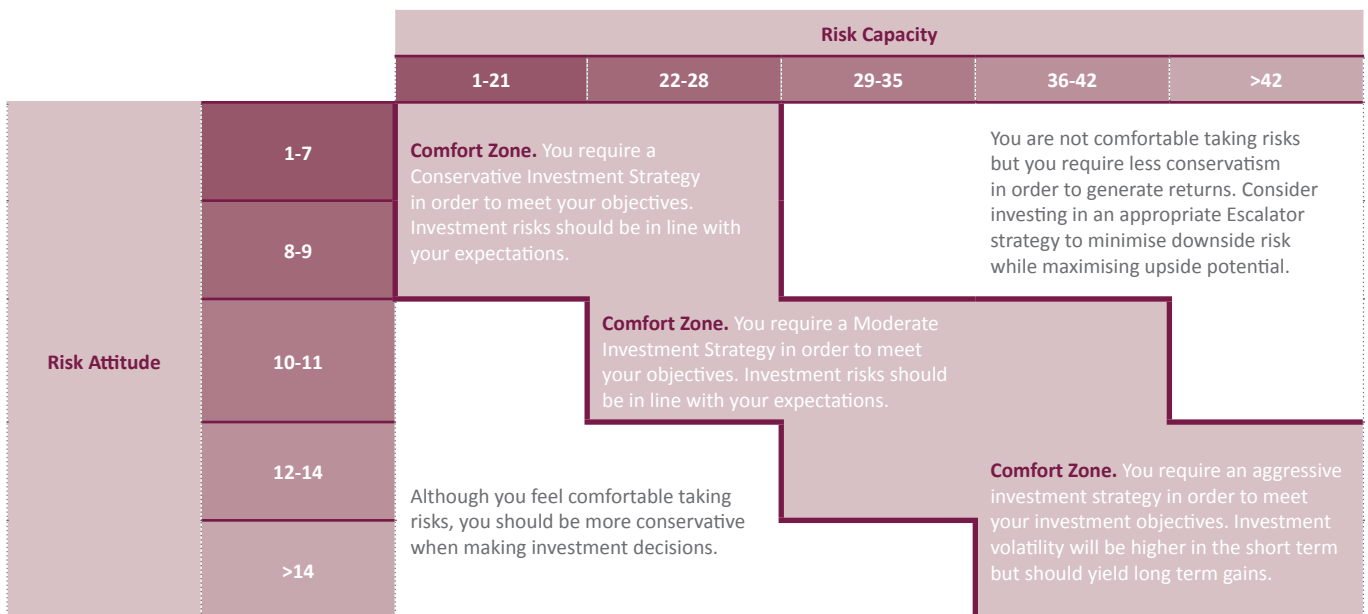
# STEP 2: CALCULATE YOUR RISK PORTRAIT SCORE

To calculate your Risk Portrait score, simply add up all the individual scores from the relevant questions and write it below:

Risk Capacity Score (Questions 1-6):	
Risk Attitude Score (Questions 7-12):	

## THE RELATIONSHIP BETWEEN YOUR RISK CAPACITY AND YOUR RISK ATTITUDE

By looking up your Risk Capacity score on the horizontal axis and your Risk Attitude score on the vertical axis, you are able to plot your Risk Portrait score and determine your investment guidelines.



Total Risk Portrait Score = sum of the scores above:	
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Then using your Total Risk Portrait Score, see which category you fall into:

- Conservative: 1-28
- Moderately Conservative: 29-37
- Moderate: 38-46
- Moderately Aggressive: 47-56
- Aggressive: >56

Risk Portrait Category:	
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# STEP 3:

## DISCOVERY INVEST PRODUCT DECISION GRID

Discovery Invest has a wide variety of solutions to meet your investment needs. Using your overall Risk Portrait score, you can identify which funds you should invest in					
Using Your Risk Portrait	Dynamic Asset Optimiser	Multi-Manager Funds	Discovery Balanced Range	Build your own portfolio	Protection
<b>Description</b>	A model that automatically adjusts to the optimal balance between asset classes to maintain your risk profile and still allows you to select individual funds	Multi-manager Funds provide a diversified solution by continually choosing asset managers through the multimanager approach to investing	A unique range of diversified balanced funds designed to match your specified risk profile	A range of unique building blocks to construct your portfolio	Add protection to your portfolio through funds which offer a guaranteed underpin through the Escalators or the Guaranteed Return Plans
<b>Aggressive</b>			<ul style="list-style-type: none"> <li>Discovery Best Ideas Fund</li> <li>Discovery Global Balanced Fund of Funds</li> </ul>	<ul style="list-style-type: none"> <li>db SOLAR</li> <li>CROCI Europe</li> <li>CROCI Japan</li> <li>CROCI SA</li> <li>CROCI US</li> <li>CROCI UK</li> <li>Discovery Global Equity Feeder Fund</li> <li>Discovery Equity Fund</li> <li>Discovery Dynamic Equity Fund</li> <li>Discovery Global Contrarian Equity Feeder Fund</li> <li>Top 40+ Fund</li> </ul>	<ul style="list-style-type: none"> <li>Discovery Geared Escalator – Discovery Balanced Fund</li> <li>Discovery Geared Escalator – Discovery Equity Fund</li> <li>Discovery Geared Escalator – Discovery Global Balanced Fund</li> <li>Discovery Geared Escalator – Discovery Global Equity Feeder Fund</li> </ul>
<b>Moderately Aggressive</b>	Dynamic Asset Optimiser - Aggressive	Discovery Aggressive Fund	Discovery Balanced Fund	Discovery Flexible Property Fund	<ul style="list-style-type: none"> <li>Discovery Escalator – Discovery Global Equity Feeder Fund</li> <li>Discovery Escalator – Discovery Equity Fund</li> <li>Discovery Escalator – Discovery Dynamic Equity Fund</li> <li>Discovery Escalator – Discovery Global Balanced Fund of Funds</li> <li>Discovery Global Escalator Fund</li> <li>Discovery Life RSA Escalator Fund</li> <li>Discovery Escalator – Flexible Property Fund</li> <li>Discovery Escalator – Discovery Global Balanced Fund</li> </ul>
<b>Moderate</b>			<ul style="list-style-type: none"> <li>Discovery Balanced Fund</li> <li>Discovery Moderate Balanced Fund</li> </ul>		<ul style="list-style-type: none"> <li>Discovery Escalator – Discovery Balanced Fund</li> </ul>
<b>Moderately Conservative</b>	Dynamic Asset Optimiser – Moderate	Discovery Moderate Fund	Discovery Moderate Balanced Fund	Discovery Diversified Income Fund	<ul style="list-style-type: none"> <li>Discovery Escalator – Discovery Balanced Fund</li> </ul>
<b>Conservative</b>	Dynamic Asset Optimiser – Low Risk	Discovery Conservative Fund	Discovery Cautious Balanced Fund	Discovery Money Market Fund	<ul style="list-style-type: none"> <li>Guaranteed Growth Plan</li> <li>Guaranteed Income Plan</li> </ul>

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### Sign and date the Risk Portrait

Please fill in your details as well as your financial adviser's details below.

Client name: \_\_\_\_\_

Client signature: \_\_\_\_\_

Financial Adviser name: \_\_\_\_\_

Financial Adviser signature: \_\_\_\_\_

Date: 20\_\_/\_\_/\_\_

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