

# RISK PROFILE ANALYSIS

MRS PATRICIA CLARKE

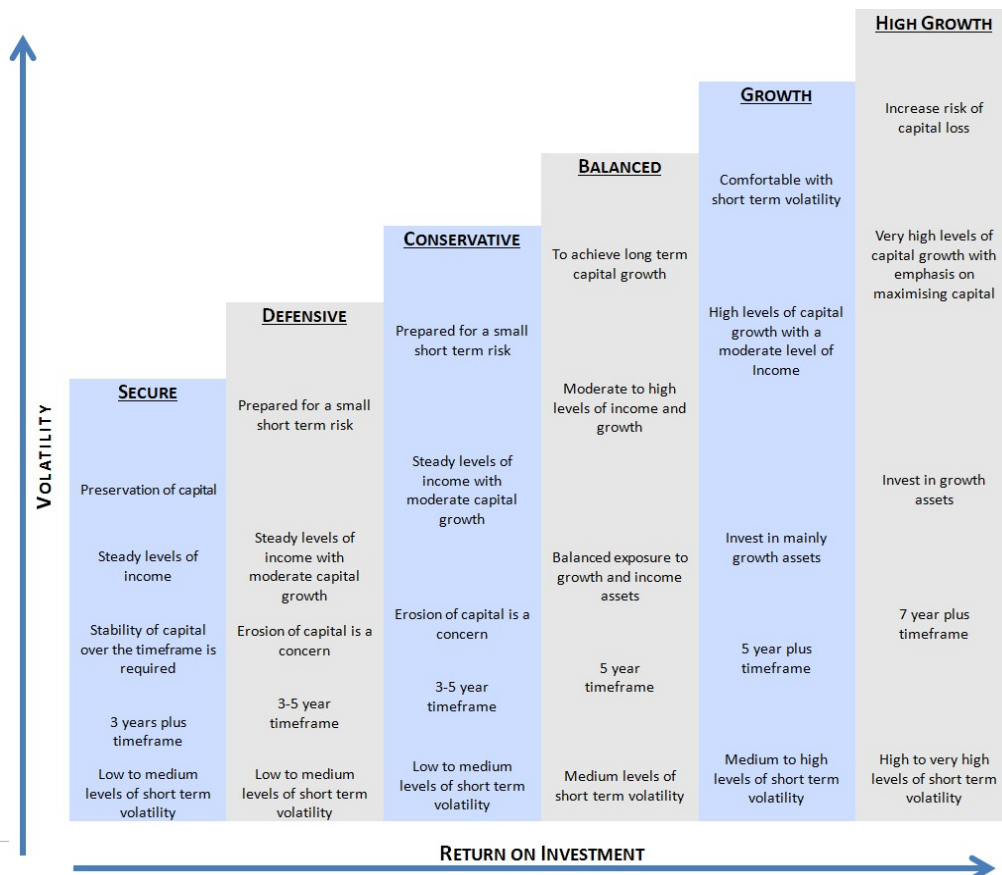
DIRECTOR OF SCHNAPPER SUPERANNUATION FUND

## WHAT IS A RISK PROFILE

Determining your risk profile is all about ascertaining how comfortable you feel with taking on investment risks. Investment risk can refer to the variability of investment returns and the volatility of your invested capital. During our discussions we asked a series of questions designed to help us understand your risk profile and determine what type of investor you are. Your investor type helps us understand your perception of the acceptable risks you are prepared to take and the investment returns you expect to achieve. In turn, this helps us determine which investment products may be suitable for you. Generally, the higher the degree of risk associated with an investment, the higher the return an investor will seek for taking on that extra risk.

Some of the important issues to consider when investing your funds are:

- time frame for the investment of your funds
- how important it is to you that your funds keep up with inflation
- how you feel about fluctuations in the value of your invested funds
- liquidity, the ability to redeem your investment when you want





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## YOUR RISK PROFILE RESULTS

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To help us reconfirm your attitude to investing and assist with the review of your financial strategies and products, to ensure our recommendations remain appropriate to your relevant circumstances, we have asked you to complete our Risk Profile Questionnaire.

### Personal

Pat, as a result of our discussions, we have together determined the risk profile to be:

**Conservative:** For investors who are seeking an income stream with some capital growth attached. It has a high exposure to fixed income securities, but also includes exposure to share and property markets. It is suited to medium-term investors who are seeking a reasonable degree of capital stability, but who also want to protect their assets from inflation. Some tax relief on income may be available from franking credits.

Defensive/Growth Split  
Suggested minimum timeframe

60% Income / 40% Growth  
3 – 5 Years

Pat, when completing the Risk Profile Questionnaire your point score assessed you as a “Balanced” risk profile. However, based upon our **detailed discussions, we feel a “Conservative” risk profile is more appropriate.** This is due to the following:

Pat, in our meetings over what has been almost 10 years, we have discussed the concept of risk versus return and I have little doubt you both understand that growth assets, such as shares and property, tend to offer a better overall return with greater risk of volatility and capital loss.

We have spent much time discussing the relative attractiveness of shares (Australian and International) versus defensive assets such as cash when markets were low, such as now, during our previous reviews.

Pat, I am confident you appreciate it is likely the value of your super will rise and fall in the short-term, but on balance, there is an opportunity for gains when taking a long-term view. Albeit, like all investing, there are no guarantees.

### **The reason the selected risk profile is appropriate for you:**

- You are an **experienced investor and have been investing for many years** via your super fund as well as personally. As such, I feel you understand investing and know that returns can vary from year to year.
- You are looking to **generate regular income from your investments, however, are comfortable seeking this from defensive as well as growth investments** with a demonstrable and strong track record of paying dividends.
- Whilst already retired and therefore requiring regular income, **you are investing for the long term** so some capital growth is important.
- Pat, you have experienced the trade-off between risk and return and that whilst investing in defensive assets generally results in greater capital security and less volatility they also generate lower returns when compared to shares and/or other growth investments.
- My understanding is that **you accept that by investing in a mix of growth and defensive assets, over time, years of negative returns will occur but can be endured for what we hope will be a better long-term return – albeit like all investing there are no guarantees.**

- Your risk profile as an individual and in your capacity as trustees of your **self managed super fund** at present are the same. This may not always be the case and we will continue to assess your risk tolerance in both capacities over time and make adjustments as required.
- As an **ongoing client**, we will continue to review and revisit your risk profile to ensure it remains congruent with your investment attitude over time.

**The following factors are specific to your circumstances that influenced my recommendations as to your risk profile**

- You have a preference for a mix of investments that deliver income returns and steady growth and you are willing to accept some risk.
- You are comfortable **investing in direct shares**.
- You are comfortable **investing in direct bond investments**, such as subordinated notes, capital notes, preference shares and other hybrid structures. We have discussed and I feel confident you understand that these investments may experience volatility in capital value, however, we will look to manage this by recommending you hold these investments through to maturity to ensure a return of capital and manage market volatility.
- Liquidity is important to you, and as such, have a **preference for direct investment** rather than investing through managed funds.
- Further to the above, while you have experienced the negative effects of illiquidity in managed funds – most notably through your investment in MFS (Wellington), you are open to me recommending managed funds for you based upon the merits of the investment and the investment opportunity it may offer the portfolio.
- You wish to **maintain hold of investing all monies and maintain a reasonable amount of cash personal your current cash. This affords you a degree of security that is important to you.**

I believe a risk profile of 60% growth and 40% defensive assets to be appropriate for your circumstances.

**ATF for your SMSF**

The fund has in place a stated Investment Strategy that provides parameters for investing.

In order to provide more specific asset class target weightings when making investment decisions and reviewing the fund's portfolio, your personal risk profile has been applied. This provides a more accurate reflection of your attitude towards risk when making investment decisions in your capacity as trustee of the Schnapper Superannuation Fund. It also provides a more targeted approach to asset allocation, compared with the broader investment guidelines determined within the fund's Investment Strategy.

The target weightings for this risk profile are within the fund's stated investment strategy parameters.




## ACKNOWLEDGEMENT

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**In my capacity as an individual**, I have understood the risk profile and agree it is congruent with my attitude towards investing and risk. I hereby acknowledge that the concept of risk has been explained and that the above risk profile is consistent with my risk requirements and profile.

**In my capacity as trustee of Schnapper Superannuation Fund**, I acknowledge that investment decision made on behalf of the fund will differ from those made as an individual. I acknowledge that the above risk profile is consistent with the fund's risk requirements and profile.

 Signed: DocuSigned by:  
*Pat Clarke*  
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**PATRICIA CLARKE**

Date: 9/4/2020 /      /