



# Murray Financial, Inc.

At Murray Financial, Inc, we believe that asset allocation, risk management, and a long-term perspective are critical for a successful investment plan. Because of these beliefs, and with your financial success in mind, we offer a strategic management approach and will design a portfolio tailored to your needs and financial goals.

Reaching your investment goals is a **collaborative effort: choice** on your part, **commitment** on ours.

Along with your Investment Representative, you can build your Personal Investment Plan in just three easy steps:

## Step 1:

Complete the investment questionnaire

## Step 2:

Add up the point totals for each question and match your time horizon and risk tolerance scores to determine your personal investment profile

## Step 3:

Take advantage of the expertise of your Investment Representative to tailor an investment strategy that aligns your goals and objectives

## Step 1: Investment Questionnaire

### General Information

Name: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Birthdate (month/day/year): \_\_\_\_\_ No. of dependents: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Home Phone: \_\_\_\_\_

Occupation: \_\_\_\_\_ Self Employed:  Yes  No

Employer: \_\_\_\_\_

## Investment Time Horizon

1. In how many years will you begin taking withdrawals from your portfolio?

- 0 POINTS  A Less than 1 year
- 1 POINTS  B 1 – 2 years
- 3 POINTS  C 3 – 5 years
- 5 POINTS  D 6 – 9 years
- 10 POINTS  E 10 – 15 years
- 15 POINTS  F 16 – 25 years
- 15 POINTS  G More than 25 years

2. Once you begin making withdrawals, how many years will you be withdrawing your money from the account?

- 0 POINTS  A Lump sum or fully withdraw over a period of less than 1 year
- 0 POINTS  B Over a period of 1 – 2 years
- 1 POINTS  C Over a period of 3 – 5 years
- 3 POINTS  D Over a period of 6 – 9 years
- 5 POINTS  E Over a period of 10 – 15 years
- 8 POINTS  F Over a period of 16 – 25 years
- 8 POINTS  G More than 25 years

TIME HORIZON TOTAL

SUM OF QUESTIONS 1 – 2

## Risk Tolerance

### Risk/Return Tradeoff

3. Investment decisions are generally determined by a risk/return tradeoff. Risk is any possibility of loss to the value of your portfolio. Return is the amount earned or profit on an investment. How would you respond to the following statement?

**Protecting my portfolio from loss is more important to me than achieving high returns.**

- 0 POINTS  A Strongly agree
- 2 POINTS  B Agree
- 5 POINTS  C Risk and return are equally important
- 8 POINTS  D Disagree
- 10 POINTS  E Strongly disagree

4. Riskier investments have the potential to experience higher long-term capital appreciation. Likewise, less risky investments have less potential for high long-term capital appreciation.

**With this in mind, which of the following statements is most consistent with your investment attitude?**

- 8 POINTS  A I am willing to endure losses to maximize the chance of experiencing high long-term capital appreciation.
- 4 POINTS  B I am equally concerned with avoiding losses and experiencing long-term capital appreciation.
- 0 POINTS  C Avoiding losses is more important to me than experiencing long-term capital appreciation.

5. Historically, investors who have received higher long-term returns have also experienced major changes in the value of their investments. Higher long-term returns come with a greater chance of loss.



Which of the following statements best describes your investment philosophy?

- 0 POINTS  A I feel most comfortable with stable investments that generate consistent, but lower returns year-to-year. I prefer to assume as little risk as possible.
- 3 POINTS  B I am willing to withstand some fluctuations in the value of my portfolio, but I prefer to be invested in less risky investments that reduce the likelihood of large losses.
- 7 POINTS  C I seek substantial investment returns and am willing to accept occasional short-term declines associated with this strategy.
- 10 POINTS  D I seek potentially high investment returns and am willing to accept the higher risk of potential losses associated with this strategy.

### Range of Returns

6. The following table shows the ending values of \$50,000 invested in four hypothetical portfolios over a three-year period. The returns for these portfolios may fall anywhere within these ranges.

Value of \$50,000 After 3 Years

	Worst Case Value	Likely Value	Best Case Value
Portfolio A	\$44,500	\$59,500	\$72,500
Portfolio B	\$43,000	\$61,000	\$76,500
Portfolio C	\$39,500	\$63,000	\$85,000
Portfolio D	\$36,000	\$65,000	\$93,500

Which of the four hypothetical portfolios would you feel most comfortable accepting?

- 0 POINTS  Portfolio A
- 3 POINTS  Portfolio B
- 6 POINTS  Portfolio C
- 9 POINTS  Portfolio D

### Volatility

7. This graph depicts the value of three hypothetical investments over a four-year period. Riskier portfolios experience more frequent and significant changes in value. Higher levels of risk go along with potentially higher levels of long-term returns.

In which of the portfolios would you feel most comfortable investing?

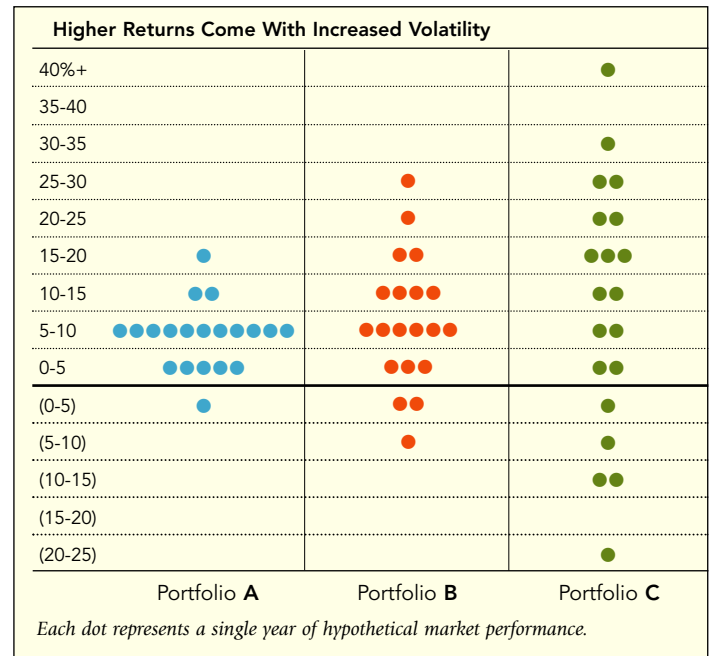
- 10 POINTS  Portfolio A
- 4 POINTS  Portfolio B
- 0 POINTS  Portfolio C



8. Over the course of twenty years, a portfolio will experience a variety of returns. The following question details the range of results for three hypothetical investments.

In which portfolio would you feel most comfortable?

- 0 POINTS  Portfolio A  
An average return of 7% with one negative year and where the majority of returns ranged from 5% to 10% each year.
- 4 POINTS  Portfolio B  
An average return of 11% with three negative years and where the majority of returns ranged from 5% to 15% each year.
- 8 POINTS  Portfolio C  
An average return of 16% with increased volatility, five negative years, and several years above 20%.



### Inflation

9. Over time, inflation can have a significantly negative impact on what your money can buy. By keeping pace with inflation, investors can maintain their buying power over time.

Which of the following choices best reflects your attitude toward inflation and risk?

- 0 POINTS  A Although I may only keep pace with inflation, my main goal is to avoid loss.
- 2 POINTS  B While accepting a low level of risk, my main goal is to earn slightly more than inflation.
- 6 POINTS  C My main goal is to increase the value of my portfolio. Therefore, I am willing to accept short-term losses associated with more aggressive investment options.
- 8 POINTS  D I am willing to endure large fluctuations in the value of my portfolio for the chance of obtaining a higher return and beating inflation.

### Loss Aversion

10. The table below shows risk and return characteristics of three portfolios. With higher prospective annual returns, possible losses also increase.

In which portfolio would you want to invest?

- 10 POINTS  Portfolio A
- 5 POINTS  Portfolio B
- 0 POINTS  Portfolio C

	Most Likely Annual Return	Possible Annual Loss
Portfolio A	Gain of 13%	Loss of 24%
Portfolio B	Gain of 10%	Loss of 16%
Portfolio C	Gain of 7%	Loss of 6%

**11.** I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns. These frequent and large declines may be experienced at an inopportune time, such as at the end of the investment horizon.

- 0 POINTS  A Strongly disagree
- 3 POINTS  B Disagree
- 7 POINTS  C Agree
- 10 POINTS  D Strongly agree

**12.** In some cases, aggressive investments not only have negative returns, but they also experience sustained periods where the value of the investment significantly declines and takes several years to rebuild wealth. The following chart shows the historical performance of three hypothetical portfolios over a 20-year period.

Which portfolio would you be most comfortable with?

- 0 POINTS  Portfolio A
- 4 POINTS  Portfolio B
- 8 POINTS  Portfolio C

	Compounded Annual Return	Number of Years Necessary to Recoup Worst Loss of the Period
Portfolio A	7.5%	0
Portfolio B	9.5%	3
Portfolio C	11.5%	7

### Ability to Stay the Course

**13.** Most investments fluctuate over the short term. Suppose you invested \$30,000 in a mutual fund this year with the intention of holding it for ten years. If this investment lost value during the first year, at what value of your initial \$30,000 investment would you sell and move to a more stable investment?

- 0 POINTS  A \$28,500
- 2 POINTS  B \$27,000
- 4 POINTS  C \$25,500
- 6 POINTS  D \$24,000 or less
- 9 POINTS  E I would not sell

	RISK TOLERANCE TOTAL
--	----------------------

SUM OF QUESTIONS 3 – 13

# Step 2: Your Personal Investment Plan

Now that you have completed the Personal Investment Plan questionnaire, record your Time Horizon Total (from page 2) and your Risk Tolerance Total (from page 5) below.

TIME HORIZON TOTAL

RISK TOLERANCE TOTAL

Your calculated scores above provide the foundation from which to build the investment solution that may be right for you.

Using the table below, match the Time Horizon Total with the Risk Tolerance Total to find the investment profile that best matches your investment personality. Then match your profile with the investment choice on the following page – these profiles, along with the expertise of your Investment Representative can help determine the appropriate strategy to help you meet your goals.

		Time Horizon Total				
		2	3	4 – 5	6 – 7	8+
Risk Tolerance Total	3 – 10	Flexible Income	Flexible Income	Flexible Income	Flexible Income	Flexible Income
	11 – 36	Flexible Income	Conservative Balanced	Conservative Balanced	Conservative Balanced	Conservative Balanced
	37 – 64	Flexible Income	Conservative Balanced	Balanced	Balanced	Balanced
	65 – 90	Flexible Income	Conservative Balanced	Balanced	Conservative Growth	Conservative Growth
	91 – 100	Flexible Income	Conservative Balanced	Balanced	Conservative Growth	Strategic Growth

Please note: If your Time Horizon total is 0 or 1 or if your Risk Tolerance is less than 3, a fluctuating investment may not be suitable for your current investment needs.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

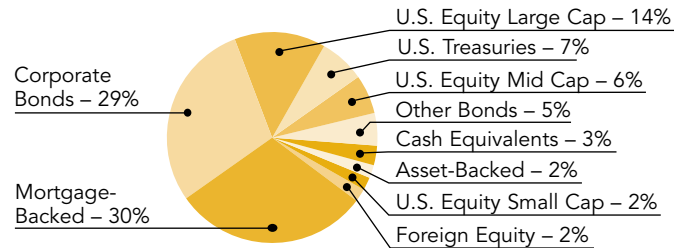
# Asset Allocation Examples

The following describes the investment objective and sample asset class allocations for each Portfolio.

## Flexible Income Portfolio<sup>1</sup>

**Objective:** Long-term capital preservation through a combination of fixed-income funds, with some limited exposure to domestic equity funds.

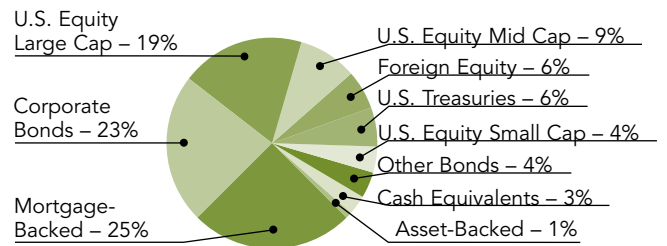
**Asset Allocation:**  
20% Equities  
80% Fixed-income



## Conservative Balanced Portfolio<sup>1</sup>

**Objective:** Long-term capital growth and income through a combination of domestic and international equity funds and fixed-income funds.

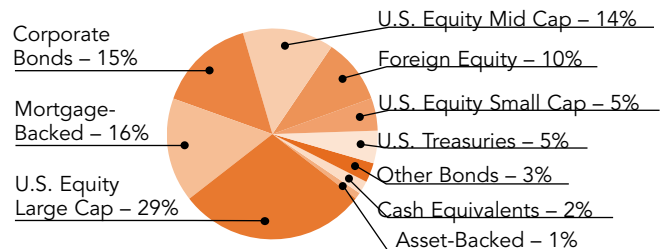
**Asset Allocation:**  
40% Equities  
60% Fixed-income



## Balanced Portfolio<sup>1</sup>

**Objective:** Long-term growth and income through a combination of domestic and international equity funds and fixed-income funds.

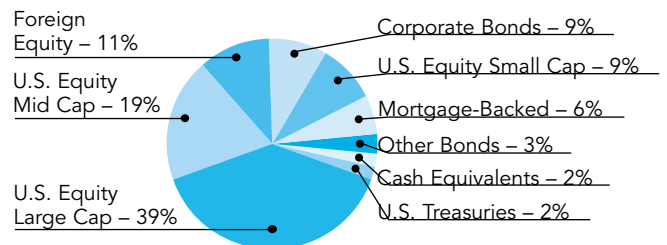
**Asset Allocation:**  
60% Equities  
40% Fixed-income



## Conservative Growth Portfolio<sup>1</sup>

**Objective:** Long-term capital growth through a diversified mix of domestic and international equity funds, with a portion of assets in fixed-income funds.

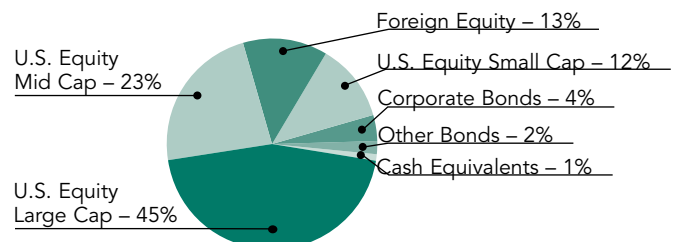
**Asset Allocation:**  
80% Equities  
20% Fixed-income



## Strategic Growth Portfolio<sup>1</sup>

**Objective:** Long-term capital growth through a diversified mix of domestic and international equity funds.

**Asset Allocation:**  
95% Equities  
5% Fixed-income



<sup>1</sup> Represents sample allocation. Current allocations will differ.