Robert W. Colby Asset Management, Inc. – Risk Tolerance

Thank you for choosing Robert W. Colby Asset Management.

Please complete the following risk profile questionnaire to assist you in identifying your investment philosophy and attitude towards risk. The results of this questionnaire will define your risk tolerance, helping us to narrow the investment portfolios and allocations that may be appropriate for meeting your specific financial objectives.

You may find it helpful to print this document and circle your answers.

1. How many years can you let your money grow before you will need to tap into your nest egg? (This is important because a fully-invested investor must be able to withstand down cycles or high volatility).

   a) Less than 1 year (1 point)
   b) 1-3 years (2 points)
   c) 4-7 years (3 points)
   d) More than 7 years (4 points)
   e) I anticipate no need to tap into my nest egg (5 points)

2. Your age is a standard consideration for determining your investment objectives. Your current age:

   a) Under 45 (5 points)
   b) 45-55 (4 points)
   c) 56-65 (3 points)
   d) 66 or more (2 points)
   e) I feel that my age is not relevant to my investment objectives (5 points)

3. Historically, both returns and risks have been higher for the stock market than for fixed-income investments. My goal for this investment is:

   a) To grow it aggressively, aiming for larger gains while accepting larger losses by concentrating in the stock market (5 points)

b) To grow it more moderately, accepting somewhat lower returns and lower risks by using a mix of mostly stocks with some fixed-income investments (4 points)
c) To grow it conservatively, accepting significantly lower returns and lower risks by using mostly fixed-income investments with less exposure to the stock market (3 points)
d) To avoid losing money, accepting relatively small returns while taking minimal risk of loss by focusing on safe fixed-income investments (1 point)

4. What level of performance would you expect from this investment over time?

a) To match or exceed the average stock market returns (5 points)
b) To moderately underperform the stock market but take less overall risk (3 points)
c) To provide stable returns that are likely to significantly underperform both the stock market and the bond market but are unlikely to suffer large loss (1 point)

5. Suppose the stock market has negative returns over the next decade. What would you expect from this investment?

a) I would expect my asset manager to employ strategies to maximize gains and minimize losses. (5 points)
b) I would choose to diversify into safer fixed-income securities to lessen the impact of losses in the stock market. (3 points)
c) I would choose primarily safe securities that would be relatively unaffected by what happens in the stock market. (1 point)

6. Which of these statements would best describe your attitude about the next three years' performance of this investment?

    a) I accept necessary short-term losses because I aim for higher returns by keeping my money invested in mostly stocks with appreciation potential. (5 points)
    b) I would feel somewhat uncomfortable with short-term losses and am willing to accept lower returns for lower risk of loss. (4 points)
    c) I would feel significantly uncomfortable with short-term losses and am willing to accept modest returns for lower risk of loss. (2 points)
    d) Any losses would make me feel uncomfortable. (1 point)

7. Are there any circumstances you can envision (college tuition, home purchase, retirement, etc.), outside the usual contributions and withdrawals, that might necessitate the immediate liquidation of a major portion of your portfolio?

    a) Yes, the entire portfolio may need to be liquidated at any time. (1 point)
    b) The majority of the portfolio may need to be liquidated. (2 points)
    c) A minority proportion of the portfolio may need to be liquidated. (3 points)
    d) No part of the portfolio may need to be liquidated. (4 points)

8. Over the past 70+ years, the investment vehicles below returned approximately the following average yearly gains:

Stocks	11.0%
Bonds	5.2%
Cash (T-bills)	3.7%
Inflation	3.7%

Knowing this, what would you consider to be a reasonable average annual return for your portfolio?

a) Less than 4%, mainly T-bills. (1 point)
b) 4% - 6%, a mix of mostly bonds and T-bills. (2 points)
c) 7% - 10%, a balanced mix of stocks and bonds. (3 points)
d) 11% or more, stocks with appreciation potential. (5 points)

9. Let's say you just heard the following news: The stock market has plunged; the most widely watched stock indexes have fallen 20% over the past week. You check your investments and see that they have also declined 20%. How do you think you will react?

a) I would want to sell all or nearly all my investments. (1 point)
b) I would want to sell some of my investments. (2 points)
c) I would do nothing and wait for the market to turn around. (4 points)
d) I would want to take advantage of low prices to buy more stock. (5 points)

<u>Next:</u> Add up the points from the 9 questions above and view your risk tolerance on the next page.

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Investor Profiles / Portfolio Allocation Mapping

Risk Total 9 - 13 = ***CONSERVATIVE***

Mostly safe fixed-income investments. This objective is most suitable for the needs of more conservative investors who place a greater emphasis on relatively stable current income and safety of principal.

Risk Total 14 - 25 = ***MODERATELY CONSERVATIVE***

A mix of equity and fixed-income investments. This objective is most suitable for the needs of clients willing to accept moderate growth of capital with moderate risk.

Risk Total 26-35 = ***MODERATELY AGGRESSIVE***

Mostly equity investments most of the time. This objective is most suitable for the needs of growth investors who are willing to accept greater risk in search of bigger returns.

Risk Total 36 or More = ***AGGRESSIVE***

Primarily equity investments, including those generally considered to be high risk. This objective is for aggressive growth investors with a 3-5 year time horizon and little sensitivity to tax considerations. Aggressive growth accepts larger losses in the pursuit of higher returns.