

## Investment Policy Questionnaire

### Investment Objectives:

What do you consider to be your primary investment objective?

- Long-term growth of capital
- Current income
- Balance between growth and current income

Please describe your specific financial goals – i.e. purchase of a home, college for children, estate planning, or retirement?

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Are there any investments, or groups of investments, in which you would rather not invest?

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### Investment Time Horizon:

How many years in the future do you plan to begin to withdraw significant funds? \_\_\_\_\_ Year(s)

Over what period of time do you expect to withdraw funds? \_\_\_\_\_ Year(s)

Explain, if necessary \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Investment Rate of Return

Over long periods of time, HIGH investment returns are achieved by assuming HIGH levels of RISK, or variability of returns. It is CRITICALLY IMPORTANT that an investor have an understanding of the relationship between RISK and RETURN, so that one can choose an appropriate investment objective which will earn a sufficient return while not exposing the investor to UNACCEPTABLE levels of risk.

What is your TARGET RATE OF RETURN? \_\_\_\_\_ %.

Explain if necessary: \_\_\_\_\_  
\_\_\_\_\_

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## Investment Risk Tolerance

On a scale of 1 to 100, how would you rate yourself with regard to your RISK TOLERANCE?

(With 1 being the LOWEST level of RISK and 100 being the HIGHEST level of RISK ) \_\_\_\_\_

## Investment Return Probabilities

In the interest of assisting you to determine where your investment “COMFORT ZONE” is, below is a chart listing long term rates of return and two associated measures of risk for three general categories of portfolios. CONSERVATIVE, MODERATE, and AGGRESSIVE. These numbers are based on a long term behavior of the financial markets. They can reasonably be assumed to approximate future long-term experience, although, there can be no guarantee of this occurring.

Please circle the investment objective that most closely matches your RETURN requirements and RISK tolerance.

<b>INVESTMENT OBJECTIVE</b>	<b>EXPECTED AVERAGE ANNUAL RETURN</b>	<b>WORST CASE ANNUALIZED RETURN</b>	<b>PROBABILITY OF LOSS, IN ANY ONE YEAR</b>
<b>AGGRESSIVE</b>	<b>8% to 10%</b>	<b>-20% to -27%</b>	<b>28% to 31%</b>
<b>MODERATE</b>	<b>6% to 8%</b>	<b>-11% to -20%</b>	<b>22% to 28%</b>
<b>CONSERVATIVE</b>	<b>4% to 6%</b>	<b>1% to -11%</b>	<b>3% to 22%</b>

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## Investment Considerations

Please indicate your PERSONAL feelings concerning the importance of each of the following elements to be considered in developing your INVESTMENT PHILOSOPHY. Each characteristic should be rated on an individual basis.

<u>INVESTMENT OBJECTIVE</u>	<u>Most</u>					<u>Least</u>
Capital Preservation	6	5	4	3	2	1
Growth	6	5	4	3	2	1
Low Volatility	6	5	4	3	2	1
Inflation Protection	6	5	4	3	2	1
Current Cash Flow	6	5	4	3	2	1
Aggressive Growth	6	5	4	3	2	1

## Investment Classes

Please indicate if you are comfortable investing in the following classes of Investments:

Treasury Bills	Y	N	Long Term U.S. Bonds	Y	N
Money Market	Y	N	Long Term Corp. Bonds	Y	N
Certificates of Deposit	Y	N	Long Term Municipal Bonds	Y	N
Mid-Term U.S. Bonds	Y	N	Foreign Investments	Y	N
Mid-Term Corp. Bonds	Y	N	S & P 500 Stocks	Y	N
Mid-Term Municipal Bonds	Y	N	Growth Stocks	Y	N

## Market Fluctuations

Due to economic and market FLUCTUATIONS, there will be times that you may lose value in your portfolio. When this occurs, HOW LONG can you WAIT to recover your investment value? Please circle the selection below that best reflects your answer.

1. Over Two Years
2. 18 to 30 Months
3. One to Two Years
4. 6 to 18 Months
5. One Year or Less
6. None

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## Investment Comfort Zone

How would you describe your knowledge of and experience in investing money?

- Expert                                       Moderately Experienced  
 Well Seasoned                               Little Experience

If some experience, please briefly describe: \_\_\_\_\_  
\_\_\_\_\_

Investment risk can mean different things to different people. Please indicate, in order of importance, the following three types of investment risk.

- Inflation risk – erosion due to inflation  
 Market risk – a high degree of portfolio value fluctuation  
 Financial risk – the possibility of not meeting an established target return

Assume your portfolio had a value of \$500,000. If over any **four consecutive quarters**, the value of your portfolio were to decrease, at what point would you become alarmed?

- At a \$25,000 (5%) loss or value of \$475,000  
 At a \$50,000 (10%) loss or a value of \$450,000  
 At a \$75,000 (15%) loss or a value of \$425,000  
 At a \$100,000 (20%) loss or a value of \$400,000  
 At a \$125,000 (25%) loss or a value of \$375,000

What time horizon will you use in evaluating your portfolio's performance?

- Ten years or more  
 Five years  
 Three years  
 One year  
 A complete market cycle  
 I don't know

Please circle which of the following scenarios you would be MOST COMFORTABLE:

- A. You are HEAVY in CASH, and the Market goes UP.  
B. You are FULLY INVESTED for GROWTH, and the Market goes DOWN.  
C. Your investments are DIVERSIFIED and in BALANCE.

# Sterling Investment Management, Inc

The foregoing confidential information is necessary and will be used solely by Sterling Investment Management, Inc. to ensure that the investment policy guidelines to be signed by both you and Sterling Investment Management, Inc. are suitable for your individual situation. If there are any material changes in the information you have provided in this questionnaire over time, please notify Sterling Investment Management, Inc.

Signed: \_\_\_\_\_

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

Signed: \_\_\_\_\_

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

Signed: \_\_\_\_\_

Sterling Investment Management, Inc.

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