



Risk Assessment

INVESTOR STYLES

CONSERVATIVE

You are nearing retirement and seek income. Your main goal is capital preservation and you do not want to risk significant losses or experience large volatility swings.

MODERATE

You want growth and have a longer horizon, but you don't want to worry on a day to day basis. You can accept some volatility and losses but you want to protect most of your capital.

AGGRESSIVE

You are younger or would like your investments to grow meaningfully. You are willing to accept significant volatility and risk potentially large losses.

Whether you are saving for college, retirement or a vacation around the world, as long as we know what your expectations are we can help you achieve your goals.

We create a strategy for every client. In order to do that we need to know what amount of risk you can tolerate.

Your investments shouldn't keep you awake at night.

Investing your money is important but it also means that you need to know a little bit about risk. We all want to see our money grow without fluctuations or negative returns but occasionally markets go down or investments do not perform as we expect.

Because investments can be volatile, we want to know how much of a loss you can withstand, both financially *and emotionally*. For instance, if you own your house and have 6 months of living expenses in cash, you should be able to take the financial strain of unrealized losses for quite awhile. Whether you *want* to is another issue. By the same token, if you are retired or have children nearing college age, investment losses may *hinder your plans*. Understanding where you fall on the risk continuum gives us the information we need to pick investments that have the right balance of risk and return. In short, Shelter Cove Capital cannot act as your advisor without being able answer these questions.

What sort of investor are you?

The questions on the following page are designed to help us understand your risk profile. By answering the questions truthfully, you are providing us a starting point for knowing how you feel about risk, potential returns and your level of investing experience. With this information we can start the process of designing an investment strategy that suits your needs while not exposing you to risks that you are not prepared to experience.

Thanks in advance for your answers. Please remember to be as truthful as possible.

We look forward to working with you.

Regardless of your tolerance for risk, investing carries the potential for losses.

Questionnaire

Please answer all of the following questions:

1. Your time horizon is...

- Less than 1 year (1)
 1-3 years (3)
 4-7 years (7)
 7-10 years (10)
 More than 10 years (11)

2. After I begin withdrawing money from my accounts, I would like it to last for...

- Less than 2 years (0)
 3-5 years (1)
 6-10 years (4)
 More than 10 years (8)

3. Please check all of the investments that you have owned in the past...

- Cash or money market funds (0)
 Bonds or Bond Funds (3)
 Domestic (US) Stocks or Stock Funds (6)
 International Stocks or Stock Funds (8)
 Private Investments, Hedge Funds or Derivatives (10)

4. I consider myself to be a(n) _____ investor...

- Novice (0)
 Relatively experienced (2)
 Experienced (4)
 Expert (6)

5. When it comes to my investments...

- I am more worried about losing money (0)
 I am equally concerned with losses and gains (4)
 I am more concerned with making gains (8)

6. Circle the scenario is most appealing to you...

	Average Return	Best Case	Worst Case
A (0)	7.2%	16.3%	-5.6%
B (3)	9.0	25	-12.1
C (6)	10.4	33.6	-18.2
D (8)	11.7	42.8	-24.0
E (10)	12.5	50	-28.2

Add the numbers in together for your answers to questions 1 & 2 and write the result down.

Horizon Score: _____

Add the numbers in parenthesis after each of your answers for questions 3 to 6 and write the result down.

Risk Score: _____

Interpretation:

Horizon Score - If your score is 0-5 on the first 2 questions you have a very short outlook period. If this is because you are close to retirement then we can discuss some conservative portfolio options with you.

Risk score - The table below describes your likely investor type based on a range of scores. While it's impossible to define the type of investor you are *solely* based on the answers to these questions, this serves as a starting point for your discussion with Shelter Cove Capital.

Score Range	Investment Profile
0-12	Conservative
12-24	Moderate
>24	Aggressive



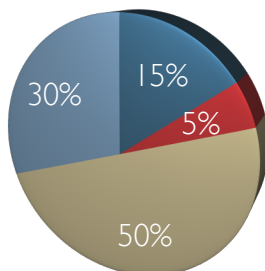
Sample Strategies for Given Risk Levels:

These are some examples of allocation models that we would suggest to investors at each level of risk tolerance.

Conservative: Modest Return with Current Income and Low Volatility

Average Annual Return	8.2%
Best Year	22.8
Worst Year	-4.5

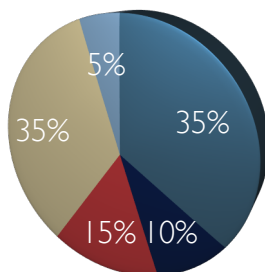
- Large Cap Equity (\$10 Billion +)
- Small/Mid Cap Equity (<\$10 Billion)
- International Equity
- Fixed Income
- Cash & Equivalents



Moderate: Some Growth and Volatility with Lower Current Income

Average Annual Return	9.7%
Best Year	30.9
Worst Year	-20.9

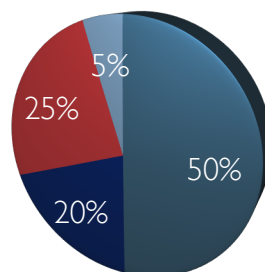
- Large Cap Equity (\$10 Billion +)
- Small/Mid Cap Equity (<\$10 Billion)
- International Equity
- Fixed Income
- Cash & Equivalents



Aggressive: Higher Growth and Volatility with No Current Income

Average Annual Return	10.1%
Best Year	39.9
Worst Year	-36.0

- Large Cap Equity (\$10 Billion +)
- Small/Mid Cap Equity (<\$10 Billion)
- International Equity
- Fixed Income
- Cash & Equivalents



RISK VS. RETURN

WHAT DOES IT MEAN?

Financial risk and reward are closely related. Earning larger returns generally means bearing a higher degree of risk (of losses). Put a different way, each level of risk defines the likely range of returns that an investor can expect. For instance, an aggressive investor is willing to trade the potential of high returns for the possibility of large losses. On the other hand, a conservative investor is more concerned with the return of her initial capital and is unwilling to accept to risk of large losses.

Please bear in mind that during periods of extreme market volatility, all investments may behave in a similar manner, regardless of general risk parameters.

Please remember:

Investing carries the risk of losses. The examples given are for illustration purposes only and are not related to the performance of your own portfolio. Similar returns and variation may or may not be achieved. A periodic review of your risk tolerance and allocation is required to ensure that your investments meet your current criteria.