

Investing comfortably

Your guide to a customized investment portfolio

The relationship between investment risk and reward is a simple one: the greater the risk you are willing to take, the greater the potential reward. History has shown that most investments typically increase in value over the long term; however, in the short term, the values of some investments are far more volatile than others. That's why understanding your investment objectives is a very important first step.

Most investors want to:

- preserve the value of their wealth
- grow their nest egg
- earn an income from their savings, or
- a combination of the above.

You can reduce fluctuations in the value of your overall investment portfolio by diversifying. How you allocate your investments within your savings and insurance contracts is one of the most important aspects to constructing a portfolio. The questionnaire inside this guide is one of the tools that you and your Sun Life Financial advisor will use to determine the right mix of assets required to diversify your portfolio.

The following process makes choosing among short-term investments, term deposits, bond funds, Canadian equity funds and foreign equity funds much easier.

Constructing your investment portfolio is an integral part of your overall financial strategy. A solid strategy is the cornerstone of your long-term financial well-being.



Five easy steps

1 Complete the questionnaire

Together, you and your advisor can carefully determine your level of risk tolerance by answering the questions contained inside this guide.

2 Total your score

Add up the score for each of your responses. The higher your score, the more tolerant of investment risk you may be.

3 Select your asset mix

Consider your advisor's recommendations and choose an ideal mix of investments by aligning your score with one of nine different asset mixes.

4 Use the investment worksheet

It's ideal for itemizing all of your savings and insurance investments. Knowing your risk tolerance, ideal asset mix and current investments, your advisor can recommend a customized portfolio.

5 Annually review your portfolio

It's important to remember that your portfolio should be reviewed with your advisor every year. This helps ensure that if your financial goals or personal circumstances have changed, you can appropriately rebalance your investments.

Investment risk questionnaire

Please provide an estimate of your total annual income. Include employment/pension plan, investment income and/or other. Select one:*

- under \$25,000 \$50,000 - \$99,999
 \$25,000 - \$49,999 over \$100,000

Please provide an estimate of your current net worth:*

- under \$40,000 \$200,000 - \$499,999
 \$40,000 - \$99,999 over \$500,000
 \$100,000 - \$199,999

Occupation:*

Type of business:*

Score

1. Your knowledge of investments is:*

- (a) **non-existent to very limited:** You have focused on savings accounts up until now. [1 point]
(b) **fair:** You have some knowledge and are familiar with some basic investments. You understand the difference between stocks and bonds. [2 points]
(c) **good:** You have a working knowledge of the markets and various investments. [3 points]
(d) **excellent:** You have an in-depth knowledge of investments. You understand the risks and rewards associated with investing in various markets. [4 points]

Score

2. How long do you expect your investments to be invested?*

- (a) 0 to 1 year (short term) [0 points] (e) 8 to 10 years (mid term) [4 points]
(b) 1 to 3 years (short term) [1 point] (f) 10 to 20 years (long term) [5 points]
(c) 3 to 5 years (short term) [2 points] (g) over 20 years (long term) [6 points]
(d) 5 to 8 years (mid term) [3 points]

Score

3. You need your investments to:*

- (a) be readily available for emergencies or short-term needs [1 point]
(b) be reasonably secure and safe from short-term losses [2 points]
(c) generate a steady stream of income [3 points]
(d) generate some income with some opportunity to grow in value [4 points]
(e) generate long-term growth in value [5 points]
(f) aggressively grow in value [6 points]

If you chose (a) for questions 2 and 3, then you're best suited for very liquid, short-term investments.

Score

4. Would you consider your tolerance for investment risk to be:*

- (a) low [2 points] (d) medium/high [8 points]
(b) low/medium [4 points] (e) high [10 points]
(c) medium [6 points]

Score

5. You're considering investing one-third of your current portfolio in a company that financial experts say is solid; however, the investment is not guaranteed, and you could lose part of it. How low must the likelihood of loss be for you to make the investment?

- (a) zero, no likelihood of loss [1 point] (c) somewhat low likelihood of loss [3 points]
(b) low likelihood of loss [2 points] (d) equal likelihood of loss and gain [4 points]

Score

6. How much of a temporary decline (for example, one year) in the value of your investment could you tolerate?

- (a) no decline [2 points]
- (b) less than 5% decline [4 points]
- (c) 5% to 10% decline [6 points]
- (d) 10% to 15% decline [8 points]
- (e) more than 15% decline [10 points]

Score

7. Higher-return investments tend to have greater risk, while lower-risk investments tend to have lower returns. How much of your investments are you willing to invest in higher-risk investments for the potential to earn higher returns?

- (a) zero [1 point]
- (b) 1% to 30% [2 points]
- (c) 30% to 50% [3 points]
- (d) 50% to 70% [4 points]
- (e) 70% to 80% [5 points]
- (f) 80% to 100% [6 points]

Score

8. In making financial and investment decisions, you are:

- (a) conservative and try to minimize your risk [2 points]
- (b) conservative but willing to accept a small amount of risk [4 points]
- (c) average with the amount of risk you are willing to accept [6 points]
- (d) somewhat aggressive and take on some larger risks [8 points]
- (e) aggressive and typically take on large risks [10 points]

Score

9. What percentage of your investments are you comfortable investing longer than five years and not depending on for income?

- (a) less than 25% [1 point]
- (b) 25% to 50% [2 points]
- (c) 50% to 75% [3 points]
- (d) 75% or more [4 points]

Score

10. Which of the following statements best describes your financial situation? Please consider your regular expenses and your ability to repay outstanding loans as well as saving for emergencies and retirement.

- (a) I need this investment to supplement my income. [2 points]
- (b) My financial situation is somewhat unstable. [2 points]
- (c) I don't need to supplement my income at this time; however, this could change. [4 points]
- (d) I don't expect to use this investment to meet current income requirements, but I would need to access the funds in the event of an emergency. [6 points]
- (e) My financial situation is stable and I have sufficient cash flow to meet most of my requirements. [8 points]
- (f) My financial situation is completely secure and I can meet emergency requirements without withdrawing these funds. [10 points]

Total your score

Filling out this questionnaire is the first step in the planning process. Your answers will help you and your advisor choose the appropriate mix of investments ranging from short-term, to a conservative mix of fixed income and equity funds, to an aggressive mix containing only equity funds.

* The answers you provide to these questions will be used to answer similar questions for the mutual fund accounts/segregated fund policies you choose to open based on this questionnaire.

** These questions are similar to some of the questions you'll need to answer to ensure the mutual fund accounts/segregated fund policies you've chosen to open based on this questionnaire are appropriate for your financial goals and tolerance of risk. Your answers to these questions may be different from the ones you answer for each account/policy you open. For example, the risk associated with an equity fund account will likely be higher than the risk associated with a GIC account. The combination of your answers for each account/policy will correspond to the overall answers you provide in this questionnaire.

Your investment worksheet

Your total score:

Recommended portfolio:

Current

Cash

	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Fixed income

	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Equity

	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Other

	\$	
	\$	
	\$	
Total:	\$	%

Grand total:	\$	100 %
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Recommended

Cash

	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Fixed income

	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Equity

	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total:	\$	%

Other

	\$	
	\$	
	\$	
Total:	\$	%

Grand total:	\$	100 %
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Recommendations

Client name

Client signature

Advisor name

Advisor signature

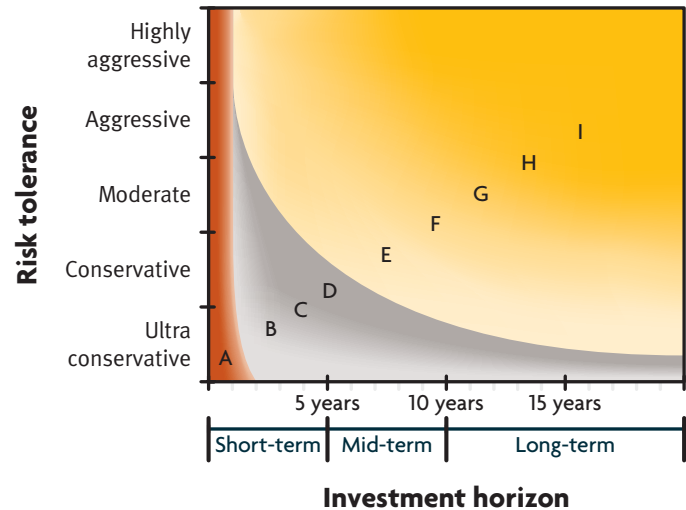
Date

Next review date

The type of investor you are

Based on your total score, the definitions below help you match your point total to an investment risk profile, which shows the kind of investor you likely are.

Measuring your risk tolerance



If your total score is:

< 10
points

Asset mix A: You require a significant portion of your assets in the near future. You likely need to hold short-term investments to ensure sufficient liquidity and security in your portfolio.

10-19
points

Asset mix B: You cannot tolerate investment volatility or a decline in the value of your investment. A term deposit (guaranteed investment certificate or accumulation annuity) is likely the best choice for you.

20-35
points

Asset mixes C, D: Focus on providing regular income and some growth, maintaining the purchasing power of your investment, while having a lower likelihood of loss. You may have a short- to medium-term investment commitment and/or are willing to accept some fluctuation in the value of your portfolio.

36-55
points

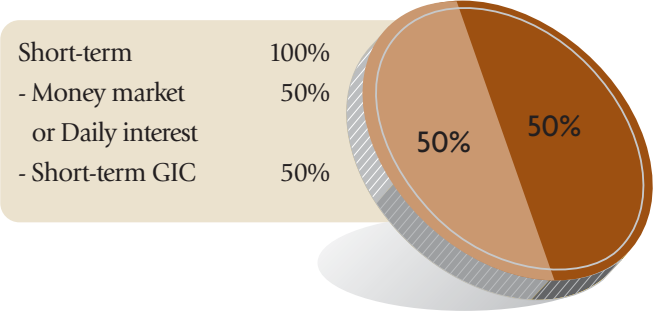
Asset mixes E, F: Provide income and growth to the investor. You may have a medium- to longer-term investment commitment and/or are willing to accept moderate fluctuations in the value of your portfolio.

56-70
points

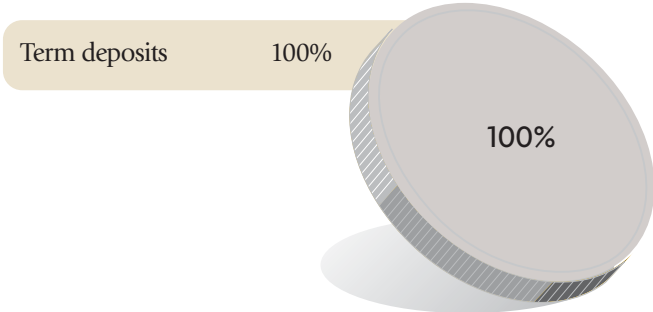
Asset mixes G, H, I: Focus on providing long-term growth. You may have a longer-term investment commitment and/or are willing to accept larger fluctuations in the value of your portfolio and successive years where the value of your portfolio decreases. These portfolios have higher risk and higher potential returns than portfolios with higher percentages of bonds and/or guaranteed investments.

The best investment approach for you

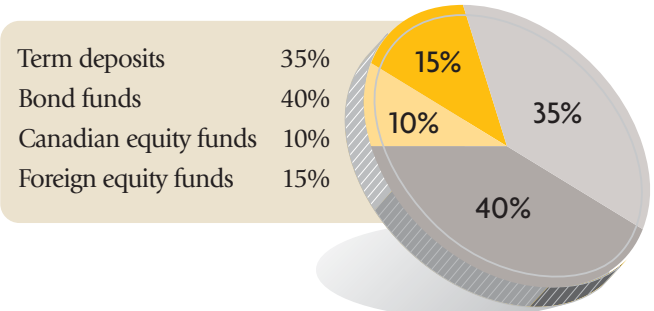
Asset mix A Less than 10 points



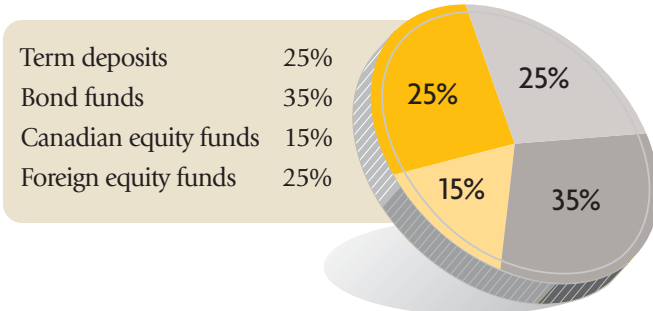
Asset mix B 10-19 points



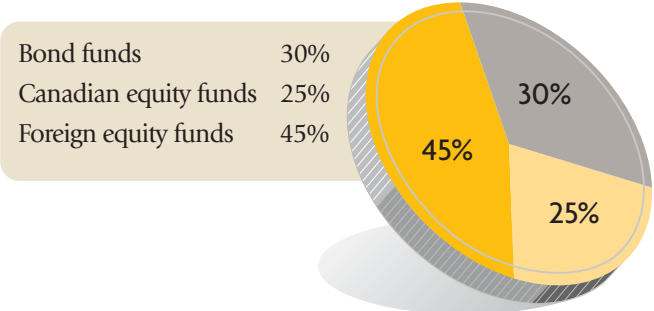
Asset mix D 26-35 points



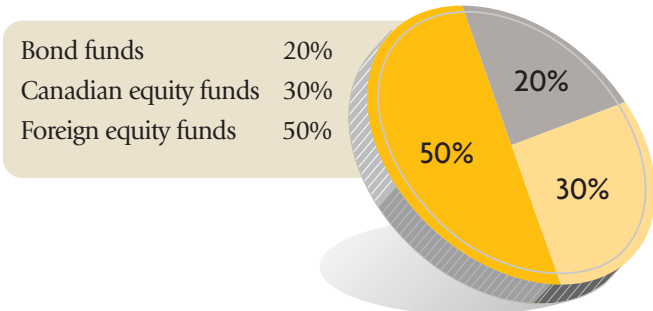
Asset mix E 36-45 points



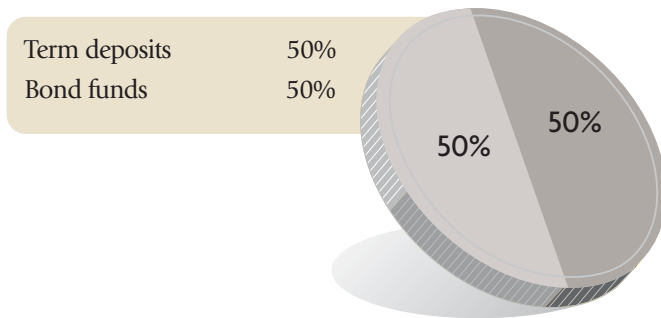
Asset mix G 56-60 points



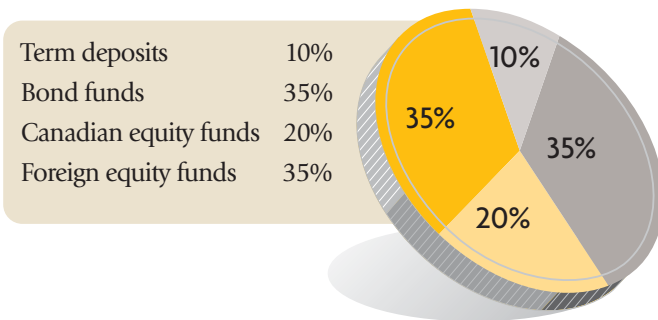
Asset mix H 61-65 points



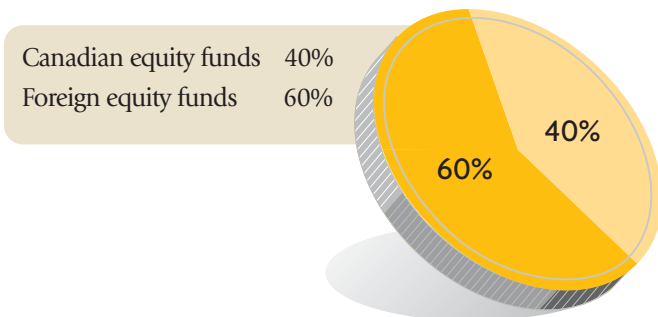
Asset mix C 20-25 points



Asset mix F 46-55 points



Asset mix I 66-70 points



Asset classes and investment options

Cash equivalents	Short-term investments <ul style="list-style-type: none"> Money market Daily interest
	<ul style="list-style-type: none"> Short-term GIC (<1 yr.)
	Fixed income
Fixed income	Term deposits <ul style="list-style-type: none"> Accumulation annuity GIC (>1 yr.)
	Bond funds <ul style="list-style-type: none"> Government bonds Investment grade corporate bonds High yield bonds
	Equity
Equity	Canadian equity funds <ul style="list-style-type: none"> Pure Canadian equity Large cap equity Small/mid cap equity Canadian income trusts
	Foreign equity funds <ul style="list-style-type: none"> U.S. large cap equity U.S. small/mid cap equity International equity Global equity Emerging markets

Most funds often contain one or more of these asset classes shown above. Be sure to take this into consideration when constructing your portfolio. For example, balanced funds typically invest in both bond funds and equity funds. Canadian equity funds often have some foreign content, and most linked deposit notes offer exposure to a basket of funds covering various asset classes.