Himalayan Capital
A Subsidiary of Himalayan Bank Limited

INVESTOR RISK PROFILE

The major purpose of this investigation is to determine your level of risk tolerance. "Risk" in the financial services context simply means the possibility, if not probability, that an expected investment outcome may not be achieved.

Himalayan Capital Limited has devised a set of questions in order to capture following information essential to properly determine your Risk Profile:

- Your time horizon;
- Your objectives and requirements in relation to capital security, income and capital growth;
- Your investment experience and preference;

Remember that this risk profile represents a starting point for you. Your experience with investing, living through investment volatility and changing goals may mean that your risk tolerance evolves over time. Because of this, it is important to regularly review your risk profile to make sure that it is still right for you.

CLIENT DETAILS

Client's Name: ____

Email ID: ____

Mobile No: ___________________________________

Portfolio Manager's Name ____

SECTION 1: EDUCATION

Risk

In investment, risk can be defined as possibility of losing some or all of an original investment. It often refers to the chance an outcome or investment's actual gains will differ from an expected outcome or return.

To some people, risk may represent an opportunity to accumulate wealth faster. Whilst risky assets can drop in value, they can also offer a greater increase in the value of your money. For example, funds parked in Fixed Deposit or Debentures entail zero risk. However, return derived from such investment is also very minimal. Whereas, investment in shares generally entail certain risk due to fluctuations. However, investment in these assets generally provide premium returns for the risk undertaken.

So to different people, risk can be a positive or negative thing. Part of this process is to find out what risk means to you.

Volatility

In the securities markets, volatility often refers to the amount of uncertainty or risk related to the size of changes in a security's value. A higher volatility means that a security's value can potentially be spread out over a larger range of values.

This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, and tends to be more steady.

Although this volatility can present significant investment risk, when correctly harnessed, it can also generate solid returns for shrewd investors.

Asset allocation

Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon. The three main asset classes - equities, fixed-income, and cash and equivalents - have different levels of risk and return, so each will behave differently over time.

An asset allocation strategy is designed to control your portfolio's long-term makeup. It should not change based on economic conditions or market fluctuations. Over time, your asset allocation might change based on changes in your financial situation, your age, and progress toward your financial goals.

Since, investments with higher returns typically have higher risk and more volatility in year-to-year returns, asset allocation combines more aggressive investments with less aggressive ones. This combination can help reduce your portfolio's overall risk.

Diversification

Diversification is the way of minimizing the impact of volatility is to hold your investments for a long period of time, as the fluctuations are smoothed out over time.
The more ways you diversify, the more you can potentially reduce your risk. For example, you can invest:

- Across different asset classes (e.g. cash, fixed interest, property and shares)
- In more than one investment within each type (e.g. invest in several different sectors and companies when investing in shares)

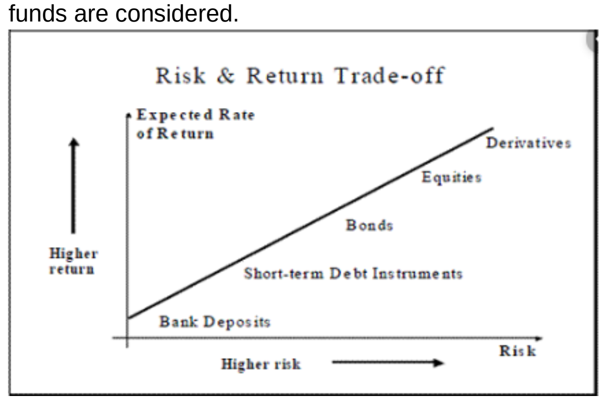
Diversification strives to smooth out unsystematic risk events in a portfolio, so the positive performance of some investments neutralizes the negative performance of others. The benefits of diversification hold only if the securities in the portfolio are not perfectly correlated—that is, they respond differently, often in opposing ways, to market influences.

Risk vs. Return - The trade off

There is a reason that investors may choose to invest in products from higher risk asset classes instead of investing in low risk, highly stable asset classes: **higher the risk, higher the return.** This is known as the risk-return trade off.

It is important to think about how much risk you are willing to take on in your investments to achieve your desired level of return. Should you require stability and security in your investments, you should probably keep your money mostly in investments such as cash and fixed interest, to reduce the risk of losing money. Likewise, should you have time on your side and no need to access your money for more than ten years, and you are comfortable with fluctuations in the value of your investment, you should have a larger exposure to shares and property. Over the long term, you will likely be rewarded with a higher capital value, than if you left your money in the bank.

You should also be aware of the effects of inflation on cash investments. Inflation (rise in the prices of goods and services) erodes the value of your savings or money in the bank. For example, if you are earning 5% p.a. interest in the bank and inflation is at 3% p.a., you are really only earning 2% p.a. when the real purchasing power of these funds are considered.



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SECTION 2: RISK TOLERANCE QUESTIONNAIRE

Carefully read the following questions and select the answer you agree most:

SCORE

1. What is your age group?

a)	Above 65	1
b)	50-65	2
c)	35-50	3
d)	20-35	4
e)	Below 20	5

2. When you think of the word "Risk", what best describes your thought?

a)	Danger	1
b)	Uncertainty	2
c)	Caution	3
d)	Opportunity	4
e)	Excitement	5

3. Imagine you were in a job where you could choose between salary, commission income or a mix of both. Which would you choose?

a)	Only salary with no commission income	1
b)	Mainly salary with a small potential commission income	2
c)	Average salary with a modest potential commission income	3
d)	Below average salary with a reasonable potential commission income	4
e)	Low salary with a large potential commission income	5

4. What is your investment knowledge and experience?

a)	No experience with investing and virtually no knowledge.	1
b)	Some experience with investing but have very little knowledge.	2
c)	Some experience with investing and gained some knowledge.	3
d)	Adequate experience with investing and adequate knowledge for my investment needs.	4
e)	Extensive experience with investing based on my own research & knowledge	5

5. Out of your annual income, how much amount are you planning to invest?

a)	More than 50%	1
b)	35-50%	2
c)	20-35%	3
d)	10-20%	4
e)	Less than 10%	5

6. After planning for short-term cash flow and/ or emergencies and without withdrawing any return from investment, how long can you remain invested?

a)	More than 15 years	1
b)	5- 10 years	2
c)	3 – 5 years	3
d)	1 – 3 years	4
e)	Less than 1 year	5

7. Given the choice between low risk low return and high risk high returns, you would choose low risk low return even if this meant that your investment returns could be lower than inflation.

a)	Strongly Agree	1
b)	Agree	2
c)	Not Sure	3
d)	Disagree	4
e)	Strongly Disagree	5

8. How would you prefer to invest your money to meet your future investment objectives?

a)	I want a guarantee that my money is absolutely safe no matter what the returns are.	1
b)	I prefer investments that show steady growth close to inflation.	2
c)	I prefer investments that show growth which at least beats inflation, so some risk is acceptable.	3
d)	I prefer mix of investments with some income, moderate growth plus more risk for the chance of higher returns.	4
e)	I want an aggressive mix of investments that entails high risk and offers higher returns.	5

9. Would you accept a short term drop in your investments value for the opportunity of stronger returns over the long term?

a)	Preferably not.	1
b)	Potentially but only subject to specific circumstances.	2
c)	Yes but as long as the drop is small and possible return in the future is high.	3
d)	Yes because I understand that this is a part of risks associated with achieving higher returns.	4
e)	Absolutely yes because I am investing for long term and see any drop in investment values as an opportunity to invest more funds.	5

10. Which of the following investment returns scenario is acceptable to you?

SN	CHOICE	WORST YEAR	BEST YEAR	
a)	Investment Return Scenario A	5.5%	6%	1
b)	Investment Return Scenario B	-1%	13%	2
c)	Investment Return Scenario C	-4%	18%	3
d)	Investment Return Scenario D	-10%	25%	4
e)	Investment Return Scenario E	-20%	50%	5

11. What is your dependency on income from investment?

a)	High - I am highly dependent on income from investments to manage my expenses	1
b)	Medium- I use income from my investment on occasional basis.	2
c)	Low - Only a small part of my expenses are met by regular income from my investments	3
d)	Rare - I very rarely use income from my investments to meet my expenses	4
e)	None - I don't plan on using income from my investments to meet my expenses in the foreseeable future	5

12. What is the most aggressive investment you have ever made?

a)	Bank Account/ Government Securities	1
b)	Own a home	2
c)	Land and Other Real Estate	3
d)	Gold & Silver	4
e)	Shares	5

13. My current and future income sources (eg: salary, business income, investment income etc.) are:

a)	Very Stable	1
b)	Stable	2
c)	Somewhat Stable	3
d)	Unstable	4
e)	Very Unstable	5

SECTION 3: YOUR RISK PROFILE & ASSET ALLOCATION

Risk Profile (Score)	Suitable Asset Allocation	Investor Type	Suggested Product
Conservative 0-15	100% on FD/ Money Market Instrument	Your risk profile suggests you have an extremely low willingness to accept risk. You would generally prefer an investment that ensures protection of your capital and offers guaranteed return on your investment.	Sunischit Pratifal Yojana,
Moderately Conservative 16-30	25-40% on Equity 60-75% on FD Money Market Instruments	Your risk profile suggests you are ready to accept very minimal amount of risk. You would generally prefer an investment mix that is positioned defensively to produce a stable return with a higher proportion invested in term deposits & money market instruments, and a smaller proportion of money in share markets.	Samriddha Naari Pratifal Yojana Jestha Nagarik Pratifal Yojana Mero Portfolio Yojana
Balanced 30-39	40-60% on Equity 40-60% on FD/ Money Market Instruments	Your risk profile suggests that you are a balanced investor with some understanding of investment market behavior & accept some short term risk to your capital. You do not wish to see all your capital eroded by inflation and are prepared to take short term risk in order to achieve higher return in the long-term.	Santulit Pratifal Yojana Dirghakalin Shuva Lav Yojana Mero Portfolio Yojana
Assertive 40-54	60-100% on Equity 0-40% on FD/ Money Market Instruments	Your risk profile suggests you are comfortable to forego short term safety in order to achieve higher return over the period of time. You have good knowledge and understanding of market fluctuations and are not affected by those movements.	Dirghakalin Shuva Lav Yojana Mero Portfolio Yojana
Aggressive 55-65	80-100% on Equity 0-20% on FD/ Money Market Instruments	Your risk profile suggests you acknowledge that there will be short term fluctuations in performance and are prepared to forego your investment capital in pursuit of higher long term returns. You have adequate knowledge and understanding of overall market behaviors.	Sarbottam Pratifal Yojana Mero Portfolio Yojana

SECTION 4: REVIEW & DECLERATION

If the outcome does not accurately reflect your attitude towards investing and your personal circumstances, please review and revise your response to the questions. You may also wish to review all the investor profiles above and choose the one that mostly reflects the way you approach investing. Wherein, there is any difference between the products availed by me/us and the outcomes of the questionnaire, please note revised portfolio selected and reason for this difference:

Alternate Investor Risk Profile Selected

Conservative ☐ *Moderately Conservative* ☐ *Balanced* ☐ *Assertive* ☐ *Aggressive* ☐

I/We confirm that the details recorded in the “Risk Profiling Questionnaire” is/ are correct and reflect my/our true financial position and understanding and investment risk profile. I/We confirm that I/we have read and understood my/our agreed Risk Profile selection and would like this profile applied to my/our funds available for investment.

	Signature	Date
Client		
Portfolio Manager		

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