charles SCHWAB

Investor Profile Questionnaire

Schwab model portfolios provide a simplified approach to creating an asset allocation plan. This questionnaire will help you decide whether one of these portfolios is right for you.

Important considerations when choosing your portfolio

YOUR TIME HORIZON

When will you begin withdrawing your money from your account, and at what rate? If that date is many years away, you may be comfortable with a portfolio that carries a greater potential for appreciation and higher level of risk. There's more time to weather the inevitable ups and downs of the market.

YOUR RISK TOLERANCE

How do you feel about risk? Some investments fluctuate more dramatically in value than others but may have the potential for higher returns. It's important that you select investments that fit within your level of tolerance for this risk.

How to make your choice

1. **Complete the questionnaire.**

   Answer the questions on the following pages and use your score to identify an Investor Profile that's closest to your own.

2. **Select an investment strategy.**

   With your Investor Profile in mind, look on page 4 to find the investment strategy that may be most appropriate for you.

Circle the number of points for each of your answers and note the total for each section.

SECTION 1: TIME HORIZON

1. I plan to begin withdrawing money from my investments in:

Less than 3 years	1
3–5 years	3
6–10 years	7
11 years or more	10

2. Once I begin withdrawing funds from my investments, I plan to spend all of the funds in:

Less than 2 years	0
2–5 years	1
6–10 years	4
11 years or more	8

Subtotal: Time Horizon Score

Enter the total points from questions 1 and 2.

Time Horizon Score: _____ point(s)

If your Time Horizon Score is less than 3, stop here.

A score of less than 3 indicates a very short investment time horizon. For such a short time horizon, a relatively low-risk portfolio of 40% short-term (average maturity of five years or less) bonds or bond funds and 60% cash is suggested, as stock investments may be significantly more volatile in the short term.

If your score is 3 or more, please continue to Section 2.

SECTION 2: RISK TOLERANCE

3. I would describe my knowledge of investments as:

None	0
Limited	2
Good	4
Extensive	6

4. When I invest my money, I am:

Most concerned about my investment losing value	0
Equally concerned about my investment losing or gaining value	4
Most concerned about my investment gaining value	8

5. Select the investments you currently own or have owned in the past with the highest number of points.

Money market funds or cash investments	0
Bonds and/or bond funds	3
Stocks and/or stock funds	6
International securities and/or international funds	8

Example: You now own stock funds. In the past, you've purchased international securities. Your point score would be 8.

6. Consider this scenario:

Imagine that in the past three months, the overall stock market lost 25% of its value. An individual stock investment you own also lost 25% of its value. What would you do?

Sell all of my shares	0
Sell some of my shares	2
Do nothing	5
Buy more shares	8

7. Review the chart below.

We've outlined the most likely best- and worst-case annual returns of five hypothetical investment plans. Which range of possible outcomes is most acceptable to you?

The figures are hypothetical and do not represent the performance of any particular investment.

Best- and Worst-Case Scenarios (1-year)

Plan	Average Annual Return	Best-Case	Worst-Case	Points
A	7.2%	16.3%	–5.6%	0
B	9.0%	25.0%	–12.1%	3
C	10.4%	33.6%	–18.2%	6
D	11.7%	42.8%	–24.0%	8
E	12.5%	50.0%	–28.2%	10

Subtotal: Risk Tolerance Score

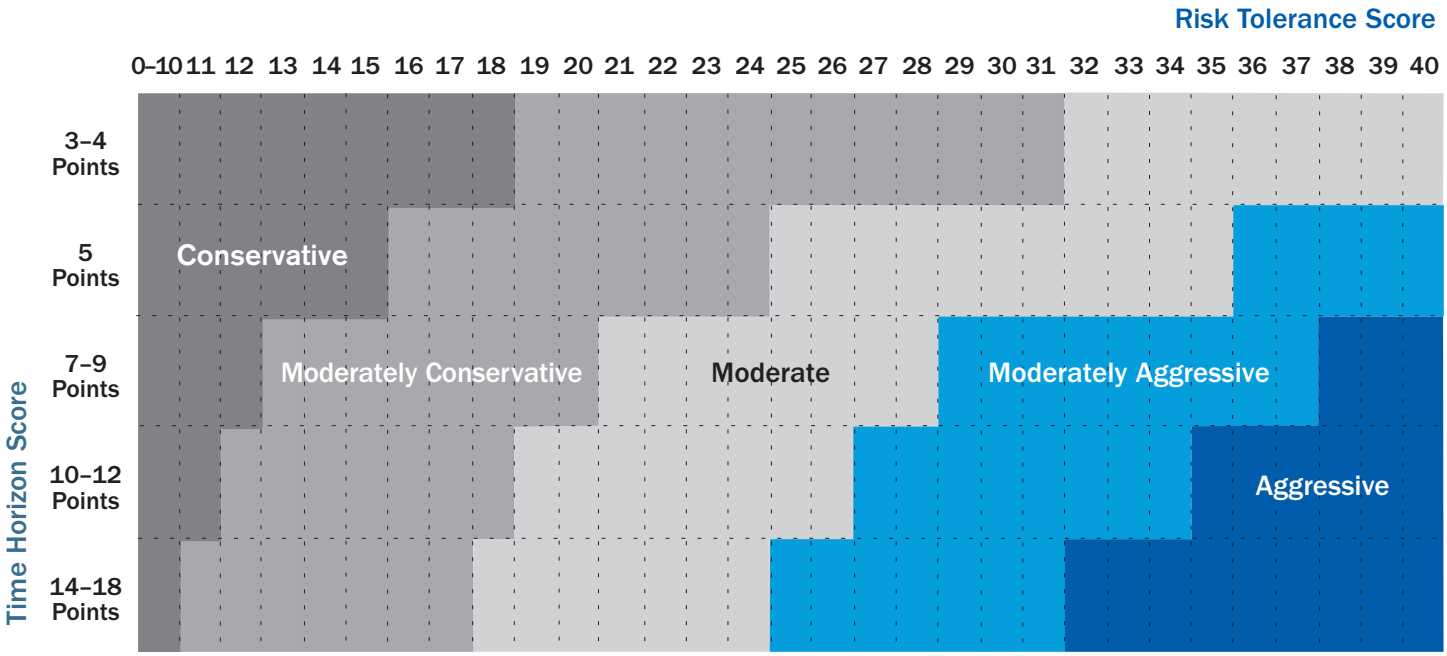
Enter the total points for questions 3 through 7.

Risk Tolerance Score: _____ points

Determine your Investor Profile

The chart below uses the subtotals you calculated in the preceding two sections.

To determine your Investor Profile, find your Time Horizon Score along the left side and your Risk Tolerance Score across the top. Locate their intersection point, situated in the area that corresponds to your Investor Profile. On the next page, select the investment strategy that corresponds to your Investor Profile.



Select an investment strategy

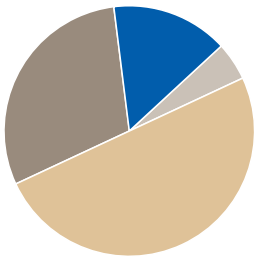
These investment strategies show how investors might allocate their money among investments in various categories. Keep in mind that it's important to periodically review your investment strategy to make sure it continues to be consistent with your goals. Please note that these examples are not based on market forecasts, but simply reflect an established approach to investing—allocating dollars among different investment categories.

If one of the investment strategies below matches your Investor Profile, you can use this information to help you create an asset allocation plan.

CONSERVATIVE ALLOCATION

Average Annual Return:	8.1%
Best Year:	22.8%
Worst Year:	–4.6%

For investors who seek current income and stability, and are less concerned about growth.

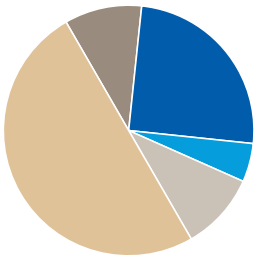


- 15% Large-Cap Equity
- 0% Small-Cap Equity
- 5% International Equity
- 50% Fixed Income
- 30% Cash Investments

MODERATELY CONSERVATIVE

Average Annual Return:	9.2%
Best Year:	27.0%
Worst Year:	–12.5%

For investors who seek current income and stability, with modest potential for increase in the value of their investments.

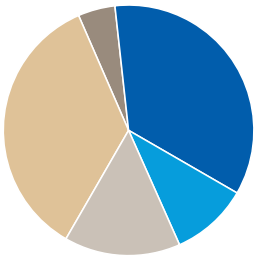


- 25% Large-Cap Equity
- 5% Small-Cap Equity
- 10% International Equity
- 50% Fixed Income
- 10% Cash Investments

MODERATE ALLOCATION

Average Annual Return:	9.8%
Best Year:	30.9%
Worst Year:	–20.9%

For long-term investors who don't need current income and want some growth potential. Likely to entail some fluctuations in value, but presents less volatility than the overall equity market.

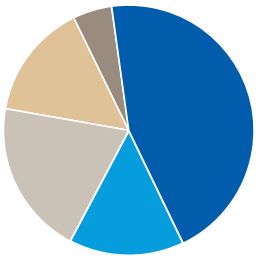


- 35% Large-Cap Equity
- 10% Small-Cap Equity
- 15% International Equity
- 35% Fixed Income
- 5% Cash Investments

MODERATELY AGGRESSIVE

Average Annual Return:	10.1%
Best Year:	34.4%
Worst Year:	–29.5%

For long-term investors who want good growth potential and don't need current income. Entails a fair amount of volatility, but not as much as a portfolio invested exclusively in equities.

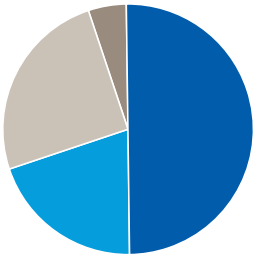


- 45% Large-Cap Equity
- 15% Small-Cap Equity
- 20% International Equity
- 15% Fixed Income
- 5% Cash Investments

AGGRESSIVE ALLOCATION

Average Annual Return:	10.2%
Best Year:	39.9%
Worst Year:	–36.0%

For long-term investors who want high growth potential and don't need current income. May entail substantial year-to-year volatility in value in exchange for potentially high long-term returns.



- 50% Large-Cap Equity
- 20% Small-Cap Equity
- 25% International Equity
- 0% Fixed Income
- 5% Cash Investments

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The return figures for 1970–2010 are the compounded annual average, the minimum, and the maximum annual total returns of hypothetical asset allocation plans. The asset allocation plans are weighted averages of the performance of the indices used to represent each asset class in the plans, include reinvestment of dividends and interest, and are rebalanced annually. The indices representing each asset class in the historical asset allocation plans are S&P 500® Index (large-cap stocks); CRSP 6–8 Index for the period 1970–1978 and Russell 2000® Index for the period 1979–2010 (small-cap stocks); MSCI EAFE® Net of Taxes (international stocks); Ibbotson Intermediate-Term Government Bond Index for the period 1970–1975 and Barclays Capital U.S. Aggregate Index for the period 1976–2010 (bonds); and Ibbotson U.S. 30-day Treasury Bill Index for the period 1970–1977 and Citigroup U.S. 3-month Treasury bills for the period 1978–2010 (cash). Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.

Printed on recycled paper.

©2011 Charles Schwab & Co., Inc. All rights reserved. Member SIPC. CS14055-01 (0311-1613) MKT25657-07 (03/11)