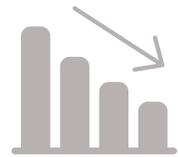




RISK & RETURN BALANCE



RISK



RETURN

PRACTICALLY-DRIVEN

Risk Capacity

Your ability to take risk or the level of risk your situation allows you to take

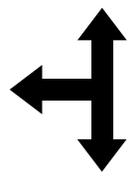
Required Return

The return "needed" based on your risk, investment constraints, resources, and other characteristics that influence your financial objectives

RECONCILIATION



Risk Capacity and Risk Tolerance must be Reconciled. If they conflict, generally your Risk Profile should compromise on the lower of the two.



Required Return and Desired Return should be fully evaluated and agreed upon. Your formal Return Objectives should be realistic based on your formal Risk Profile.

PSYCHOLOGICALLY-DRIVEN

Risk Tolerance

Your willingness and emotional preference to accept Risk

Desired Return

The Return "wanted" often influenced by past experiences, expectations, historical performance, media, or peers.



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