

## Invesco Aim Risk Tolerance Analysis

Finding the level of investment risk that works for you

With travel, the journey is as important as the destination. With investing, the same holds true. You want to reach your financial goals – and be comfortable along the way. That's why determining your risk tolerance level is as important to your financial plan as specifying your investment goals. Be sure to talk with your financial advisor about your risk tolerance before making any investment decisions.

### Time and tolerance

Invesco Aim's analysis can help determine the level of risk that's right for you using two sets of questions:

- **Risk tolerance questions** will help assess your willingness to accept risk and assign you to one of five risk categories: conservative, moderately conservative, moderate, moderately aggressive or aggressive.
- **Time horizon questions** will help determine your risk tolerance because shorter investment timetables call for more conservative asset allocations.

### Risk tolerance questions

Please check the most appropriate response to each of the following questions. You'll use the numbers to the right of the answer choices to calculate your risk tolerance level.

#### 1. Which statement best describes your level of investment experience?

- I've never invested in stocks, bonds or mutual funds. [0]
- I've invested less than 50% of my net worth (excluding home equity) in stocks, bonds or mutual funds. [1]
- I've invested more than 50% of my net worth (excluding home equity) in stocks, bonds or mutual funds. [2]
- In addition to investing in stocks, bonds or mutual funds, I've invested in commodities, options, futures, limited partnerships, international stocks, currency markets or on margin. [4]

#### 2. Which statement best describes your long-term investment objectives?

- I'm willing to accept substantial risk and potential loss of principal in pursuit of higher returns. [4]
- I seek capital appreciation and will accept some losses for potentially higher returns. [3]
- I'm looking for a balance between capital appreciation and stability with little fluctuation between gains and losses around my targeted return. [2]
- I can tolerate small, short-term losses, but I'm concerned about protecting principal. [1]
- I prefer little or no risk of loss. My main concerns are safety of principal and stable return. [0]

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**3. Which statement best describes your main source of income?**

- Adequate, predictable and steadily growing. [4]
- Sufficient for the present, but maybe not in the future. [2]
- Inadequate and unpredictable. I may need to withdraw some investment assets to meet my current needs. [0]

**4. How would you respond to the following statement: "Aside from my portfolio, I have sufficient liquid assets to handle major expenses for the next 12 months."**

- I strongly agree. [4]
- I agree. [3]
- I neither agree nor disagree. [2]
- I disagree. [1]
- I strongly disagree. [0]

**5. What percentage of your total net worth (excluding home equity) do you plan to invest?**

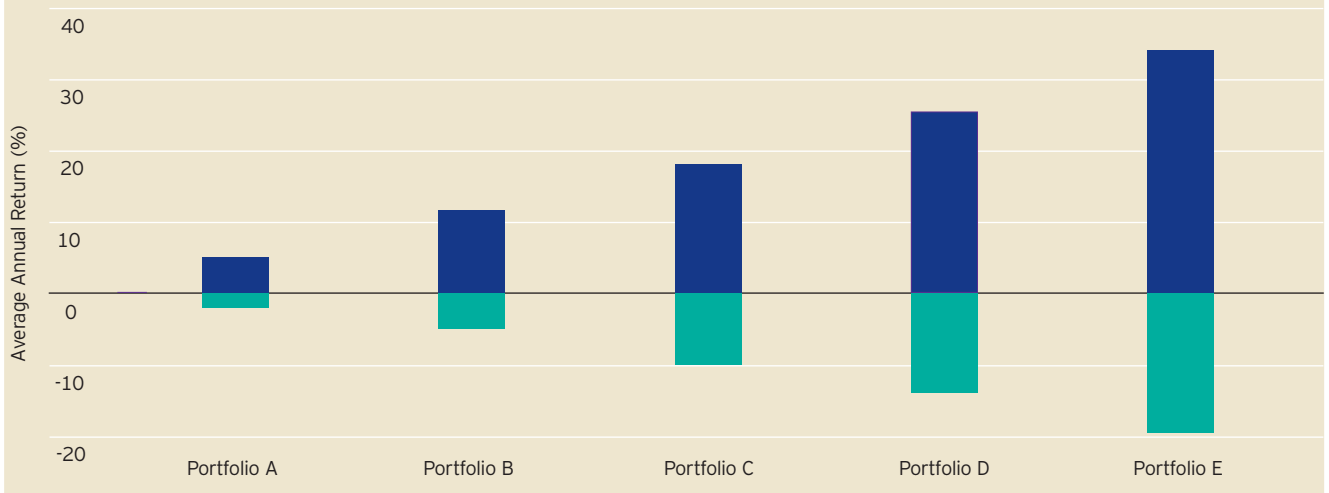
- More than 75% [4]
- Between 50% and 75% [3]
- Between 25% and 50% [2]
- Less than 25% [1]

**6. Which portfolio represented in the table below best fits your risk tolerance and long-term return goals?**

- Portfolio A [0]
- Portfolio B [1]
- Portfolio C [2]
- Portfolio D [3]
- Portfolio E [4]

**Hypothetical One-Year Range of Returns (Gain or Loss)**

The following information refers to question 6. In general, higher investment returns may expose you to greater volatility and risk of loss. (Risk is the unpredictability of investment returns - the chance that the actual return from an investment will be different from its assumed return. Risk is measured statistically using standard deviation.)



|             | Hypothetical 1-Year Loss (%) | Hypothetical 1-Year Gain (%) | Hypothetical Average Annual Total Return over 10 Years (%) |
|-------------|------------------------------|------------------------------|--|
| Portfolio A | -2.00                        | 5.00                         | 2.75   |
| Portfolio B | -5.00                        | 11.50                        | 6.00   |
| Portfolio C | -10.00                       | 18.00                        | 8.50   |
| Portfolio D | -14.00                       | 25.30                        | 10.50  |
| Portfolio E | -19.50                       | 34.00                        | 12.00  |

This chart is for illustrative purposes only and do not reflect the performance of a specific index or fund.

**7. Which investment shown in the charts at right best matches your risk and return preferences?**

- Investment A [0]
- Investment B [2]
- Investment C [4]

**8. If your portfolio is worth \$100,000 today, how much decline in value could you tolerate before changing your allocation strategy?**

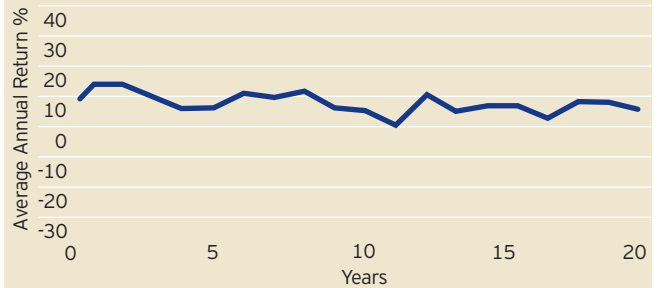
- 25% or more (portfolio value less than \$75,000) [4]
- 20% to 25% (portfolio value between \$75,000 and \$80,000) [3]
- 10% to 20% (portfolio value between \$80,000 and \$90,000) [2]
- 5% to 10% (portfolio value between \$90,000 and \$95,000) [1]
- Less than 5% (portfolio value greater than \$95,000) [0]

**Hypothetical Average Annual Total Returns**

The following information refers to question 7. The graphs below depict the average annual total return for each of three hypothetical investments over a 20-year time horizon. Short-term volatility often accompanies higher long-term returns. Generally, lower risk accompanies less volatile returns because fluctuation around the average is smaller.

**Investment A**

Average annual return: 7.85% Risk: 3.43%



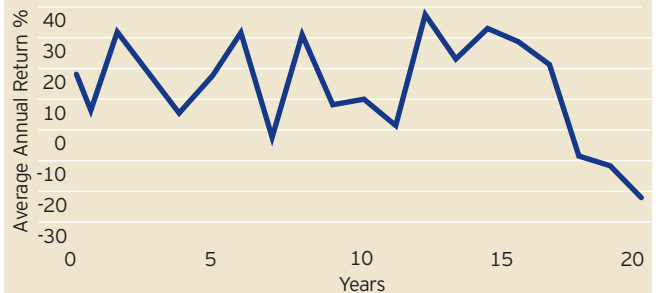
**Investment B**

Average annual return: 10.08% Risk: 7.63%



**Investment C**

Average annual return: 12.71% Risk: 16.92%



These charts are for illustrative purposes only and do not reflect the performance of a specific index or fund.

**Time horizon questions**

Please check the most appropriate response to each of the following questions. You'll use the numbers to the right of the answer choices to calculate your time horizon.

**1. When do you expect to start making withdrawals from this account? (Note: If you plan to withdraw assets in less than one year, please ask your advisor about a portfolio for short investment time horizons.)**

- 1 to 2 years [0]
- 3 to 5 years [1]
- 6 to 7 years [2]
- 8 to 11 years [3]
- 12 or more years [4]

**2. Over what time period will you make the withdrawals once you begin?**

- One lump sum [0]
- 1 to 5 years [1]
- 6 to 7 years [2]
- 8 to 11 years [3]
- 12 or more years [4]

## Scoring your risk tolerance analysis

### Step 1a

Add up the points for your responses to each of the eight risk tolerance questions. The point value appears in brackets next to each response. Your risk tolerance score will be between 1 and 32.

Your risk tolerance score: \_\_\_\_\_

### Step 1b

Determine your risk tolerance category based on your score from Step 1a.

| Your Risk Tolerance Score | Your Risk Tolerance Category |
|---------------------------|------------------------------|
| 1-6 points                | Conservative                 |
| 7-13                      | Moderately conservative      |
| 14-20                     | Moderate                     |
| 21-26                     | Moderately aggressive        |
| 27-32                     | Aggressive                   |

### Step 2a

Add up the points for your responses to the two time horizon questions. The point value appears in brackets next to each response. Your time horizon score will be between 0 and 8.

Your time horizon score: \_\_\_\_\_

### Step 2b

Determine your time horizon based on your score calculated in Step 2a.

| Your Time Horizon Score | Your Time Horizon |
|-------------------------|-------------------|
| 0-1 points              | 1-2 years         |
| 2-3                     | 3-5 years         |
| 4-5                     | 6-7 years         |
| 6-7                     | 8-11 years        |
| 8                       | 12 or more years  |

### Step 3

Using your risk tolerance category and time horizon, determine your true risk tolerance using the grid below.

| Risk /Time Horizon      | 1-2 Years    | 3-5 Years               | 6-7 Years               | 8-11 Years              | 12+ Years               |
|-------------------------|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Conservative            | Conservative | Conservative            | Conservative            | Conservative            | Conservative            |
| Moderately conservative | Conservative | Moderately conservative | Moderately conservative | Moderately conservative | Moderately conservative |
| Moderate                | Conservative | Moderately conservative | Moderate                | Moderate                | Moderate                |
| Moderately aggressive   | Conservative | Moderately conservative | Moderate                | Moderately aggressive   | Moderately aggressive   |
| Aggressive              | Conservative | Moderately conservative | Moderate                | Moderately aggressive   | Aggressive              |

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**Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.**

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

Risk is represented by standard deviation, which measures the variance in the rate of returns. The greater the fluctuations in returns, the greater the risk.

All data provided by Invesco Aim unless otherwise noted.

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## Supplemental Information

As of Sept. 30, 2009, Invesco Aim's assets under management were approximately \$157 billion and Invesco Ltd.'s assets under management were approximately \$417 billion.

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