Investment Risk Evaluation Form

Evaluate the investment risk by circling the appropriate number (on a scale of 1-5 with 1 representing a relatively low level of a particular risk and 5 representing a relatively high level of risk.)

Name of Investment ____________________________________ Date______________

1. Business cycle risk

The possibility that a bad business cycle, like a recession or a down turn in a particular industry, will have an adverse impact on the performance of the investment.

5 4 3 2 1 Comment__________________________________

2. Market risk

The possibility that overall market conditions will have an adverse impact on the value of the investment. For example, the market price of stocks and bonds is subject to change. Prices change because of supply and demand forces. Price swings for some investments are more volatile than others. It's that type of volatility that you are evaluating with market risk.

5 4 3 2 1 Comment__________________________________

3. Interest rate risk

The possibility that the value of an investment will change because of changes in interest rates. Long-term fixed rate securities are usually relatively high in interest rate risk because, as interest rates rise, the value of long-term fixed securities (like long-term bonds) falls. The reverse is also true: as rates fall, long-term bond values rise.

5 4 3 2 1 Comment__________________________________

4. Inflation risk

The possibility that your investment returns will not keep ahead of inflation. This type of risk is also called purchasing power risk.

5 4 3 2 1 Comment__________________________________

5. Specific risk

Sometimes called organization risk, this type of risk is the possibility that something could go wrong with the specific company, government, or organization that issues the investment security. Factors such as management mistakes, problems in a company's oversees markets, and competition are elements of specific risk.

5 4 3 2 1 Comment__________________________________

Evaluation done by ______________________________________ Date_____________

Material provided by Michael P. Griffin.