

Risk Return Matrix

	Conservative Portfolio	Defensive Portfolio	Balanced Portfolio	Growth Portfolio	Aggressive Portfolio
Time frame	Rolling 2 years	Rolling 3 years	Rolling 5 years	Rolling 7 years	Rolling 9 years
	Target Ranges	Target Ranges	Target Ranges	Target Ranges	Target Ranges
Cash	20% - 25% - 30%	15% - 20% - 25%	5% - 10% - 15%	2% - 5% - 10%	2% - 5% - 10%
Fixed interest	40% - 50% - 60%	35% - 45% - 55%	35% -40% - 45%	20% - 25% - 30%	5% -10% - 15%
Total income assets	60% - 75% - 90%	50% - 65% - 80%	40% - 50% - 60%	22% - 30% - 40%	7% - 15% - 25%
Australian equities	15% - 20% - 25%	20% - 25% - 30%	25% -30% - 35%	30% -40% - 50%	35% -45% - 50%
International equities	0% - 5%	0% - 5% - 10%	7% -10% - 13%	5% -10% - 15%	10% - 20% - 30%
Property	0% - 5% - 10%	0% - 5% - 10%	4% -5% - 6%	5% -10% - 15%	5% -10% - 15%
Alternative assets	-	-	4% -5% - 6%	5% -10% - 15%	5% -10% - 15%
Total Growth Assets	15% - 25% - 35%	20% - 35% - 50%	40% - 50% - 60%	45% - 70% - 95%	55% - 85% - 110%
Total	100%	100%	100%	100%	100%

Low Risk: Low Returns

High Risk: Potentially Higher Returns

Investor Types

Investor type	Time frame and description
Conservative	1 – 3 years A conservative or security conscious investor is one who is investing for the short to medium-term (1-3 years) and may consider investing a minor portion of funds into growth investments. A low risk factor pertaining to investments is still of prime importance and the returns will be generally income, with a small degree of capital growth.
Defensive	3 – 5 years A defensive investor is one who is investing for the medium-term (3-5 years) and seeks a well-diversified investment to meet capital growth needs but is not prepared to accept high level of volatility on investment or returns.
Balanced	5 years A balanced investor is one who desires a well-balanced medium to long-term (min. 5 years) investment strategy with a balance between income and real returns above inflation over the long term. Security of investment is sought through the construction of a well-balanced investment portfolio and the spreading of funds across a broad range of quality investments.
Growth	5 – 7 years A moderately aggressive investor seeks a medium to long-term (5-7 years) investment strategy to facilitate growth of real net worth. These types of investor will usually be more inclined to accept a higher level of capital risk in order to obtain higher rates of return.
Aggressive	7 – 9 years An aggressive investor is one who seeks to maximise long-term (7 years +) capital growth and net worth. They are well aware of the risk/reward ratio and are prepared to accept higher levels of volatility and risk to obtain higher capital growth. They are prepared to invest entirely into equities and are well aware of the heightened potential for capital loss in the short term. They usually enjoy a more active involvement in their investment strategy.