



Risk Tolerance Worksheet

A calm reflection tool for understanding your emotional comfort with investing.

This worksheet is designed to help you understand your natural comfort level with investing ups and downs. There are no right or wrong answers. This is not a test — it's a mirror.

The goal is simple: to help you choose an investing strategy you can follow calmly for years.

Please take your time. Answer honestly. You're building self-awareness, not proving anything.

SECTION 1 — REFLECTION QUESTIONS

These questions help you explore your emotional patterns around money, uncertainty, and decision-making.

How do I usually react when something I own drops in value?

(e.g., frustration, worry, curiosity, calmness)

What is my first instinct when headlines say the market is falling?

(write freely)

Have I ever made a financial decision out of fear or excitement? What happened afterward?

How steady is my income and savings right now? Does this give me flexibility? Or add pressure?

How many years do I expect to keep my investment growing before touching it?

(short, medium, or long-term)

How important is stability to me emotionally?

(Do I sleep better knowing things are smooth, or am I comfortable with some bumps?)

How would I feel if my portfolio value didn't go up for two years?

Be honest — irritation? patience? curiosity?

How much volatility do I believe I can handle without wanting to sell?

Try to describe the emotion, not the number.

SECTION 2 — SCENARIO REACTIONS

These scenarios give you a real sense of how you might feel during common market events.

For each scenario, notice your instinctive reaction and tick the box that feels closest: **A)** I'd feel calm **B)** I'd feel uneasy but stay invested **C)** I'd worry and consider selling **D)** I'd want to sell quickly **E)** I'm not sure

Scenario 1

Your portfolio drops 10% in a month. This is a typical fluctuation, even in healthy markets.

- A) I'd feel calm B) Uneasy but stay invested C) Worry & consider selling
 D) Want to sell quickly E) I'm not sure

Scenario 2

Your portfolio drops 20% in a short period. This is a normal market correction that happens every few years.

- A) I'd feel calm B) Uneasy but stay invested C) Worry & consider selling
 D) Want to sell quickly E) I'm not sure

Scenario 3

The market falls for six months while news headlines sound dramatic. (This is emotionally challenging but historically temporary.)

- A) I'd feel calm B) Uneasy but stay invested C) Worry & consider selling
 D) Want to sell quickly E) I'm not sure

Scenario 4

Your portfolio rises 20% in a year. Do you feel excited? Tempted to take risks? Calm? Proud?

- A) I'd feel calm B) Uneasy but stay invested C) Worry & consider selling
 D) Want to take more risk / trade E) I'm not sure

Describe your instinct:

Scenario 5

You see a trending stock or crypto that everyone is talking about. How strong is the urge to join in?

- A) I'd feel calm / not rushed B) Curious but would pause before acting
- C) Strong urge to buy, might act quickly D) I'd feel like I'm missing out if I don't join
- E) I'm not sure

Short reflection:

SECTION 3 — GENTLE INTERPRETATION GUIDE

What Your Answers Might Be Telling You

These aren't absolute categories — just helpful patterns.

Mostly A's:

You may have a higher tolerance for volatility. Calm portfolios with more stock exposure may feel natural to you.

Mostly B's:

You're comfortable with some risk but appreciate stability. Balanced portfolios may fit you best.

Mostly C's or D's:

Lower-risk portfolios (with more bonds or smoother global funds) may help protect your long-term consistency.

Mostly E's:

Totally normal for beginners. As you gain experience, your preferences will become clearer.

You are not "locked" into anything. Your risk tolerance can evolve as your confidence grows.

SECTION 4 — BRINGING THIS INTO YOUR PORTFOLIO

Using Your Risk Tolerance in Practice

Your risk tolerance helps determine:

- how much of your portfolio goes into stocks (growth)
- how much goes into bonds (stability)
- how you react during downturns
- how consistent you remain over decades

A good rule of thumb:

Choose the portfolio you can emotionally stick with during the worst year — not the best one.

This worksheet isn't about being brave or conservative. It's about knowing yourself.

Your long-term success as an investor comes from choosing a portfolio you can stay committed to — calmly, steadily, and confidently.

Your risk tolerance is a compass. Let it guide your next step.

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