

DNA Behavior[®]

Financial DNA[®]
DNA Unlocking Financial Planning
Performance Guide



Introduction

Welcome to the DNA Unlocking Financial Planning Performance Guide!

The guide is primarily intended to provide you with a quick snapshot on how to interpret and then apply each of the 10 Financial DNA Natural Behavior Styles to behaviorally manage all of your clients. You'll find that the guide's unique insights will help you pinpoint the key attributes of each of the different styles and refresh your memory of the unique communication keys and action steps.

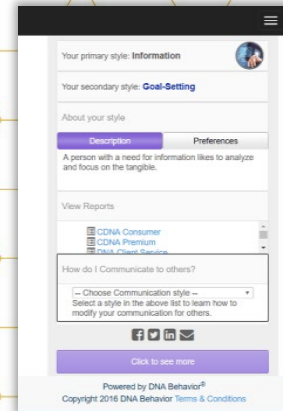
Keeping the guide close at hand for quick reference will help you to focus on your clients' behavioral styles and modify your own behavior to best meet their needs when they call, write, or attend a review meeting.

We sincerely hope that this guide will be a useful tool to help you “Know, Engage and Grow” all of your clients.

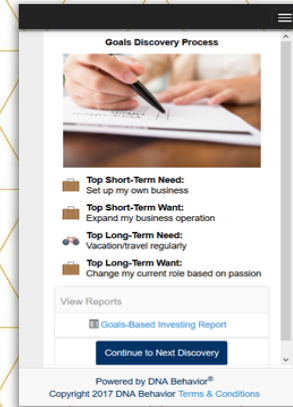
Good luck!

The DNA Behavior Team

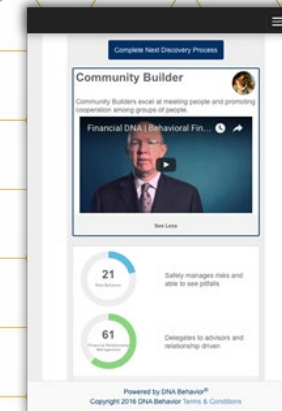
The Family of FDNA Discovery Processes and Applications Wealth Mentoring Clients



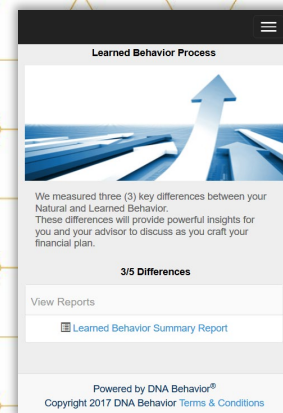
Communication



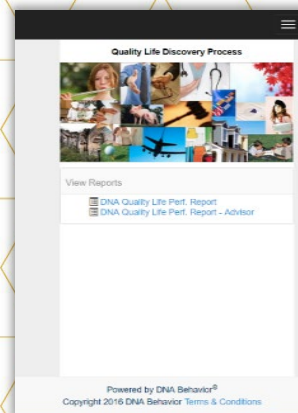
Goals Discovery



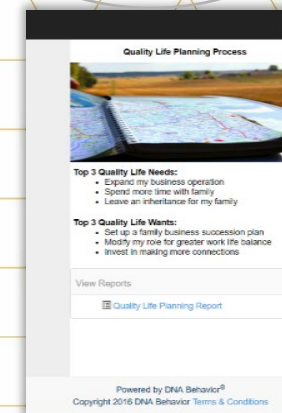
Natural Behavior



Learned Behavior



Quality Life Discovery



Quality Life Planning

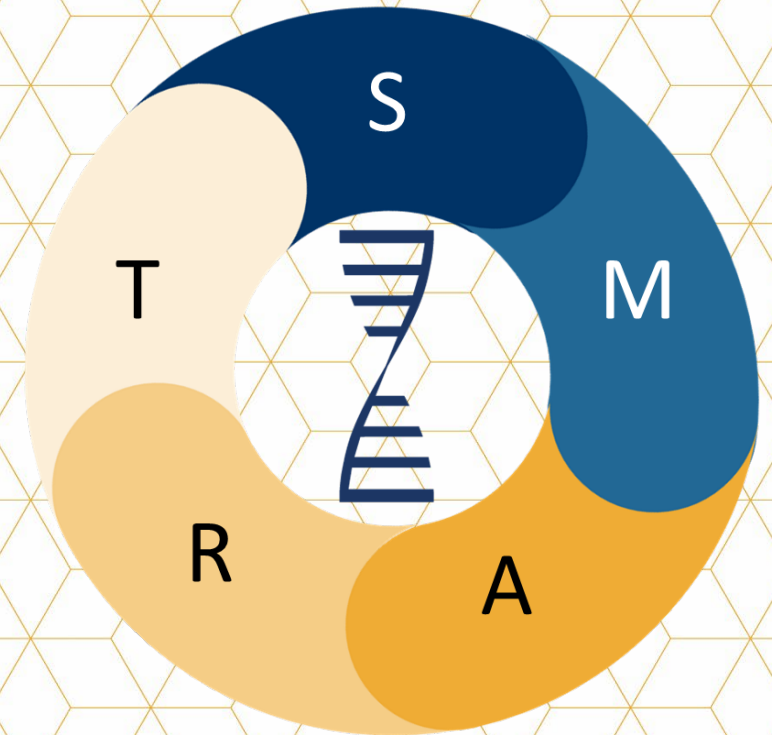
Welcome to DNA Behavior

Use the START SMART process to get going

As you get started with DNA Behavior, you will want to be sure you START SMART – follow the steps in the next two slides to get started on your Behaviorally SMART journey using DNA insights.

The START process helps you ensure you have taken steps to get you started on the path to becoming an expert with our tools.

The SMART model helps you create great client experiences and conversation each time you work with a client. Use the SMART model for all your client conversations.



Five Steps to Successful Onboarding With DNA Behavior

S

Set up your admin system by uploading your logo for co-branding

T

Take your own discovery

A

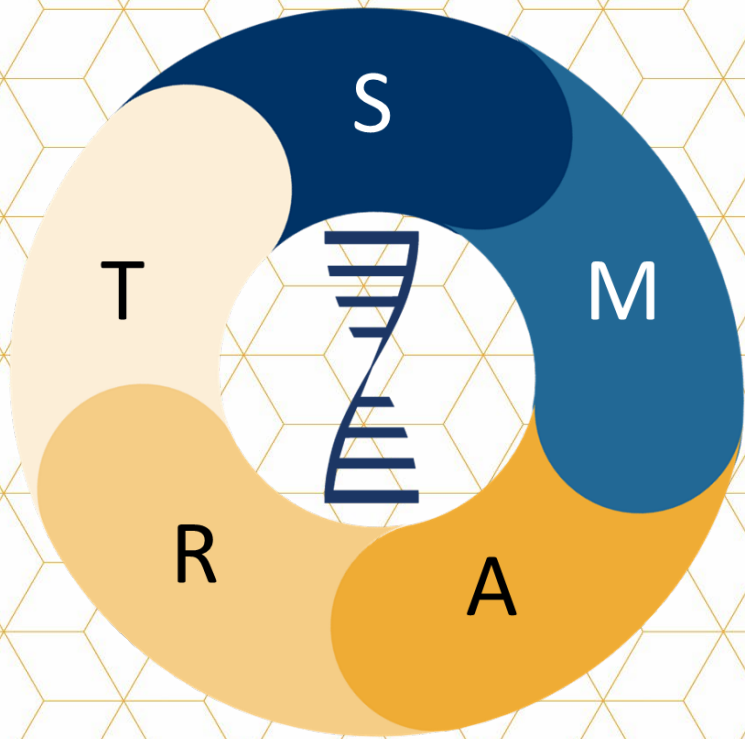
Ask 5 friends and family members to complete the discovery

R

Review results of friends and family to start to connect DNA insights with how people behave in real life

T

Talk to our trainer to get any questions answered as you start using DNA with your clients



S Style Review of Self and Client

M Modify to Match Client

A Ask Client About Their DNA

R Review DNA Results

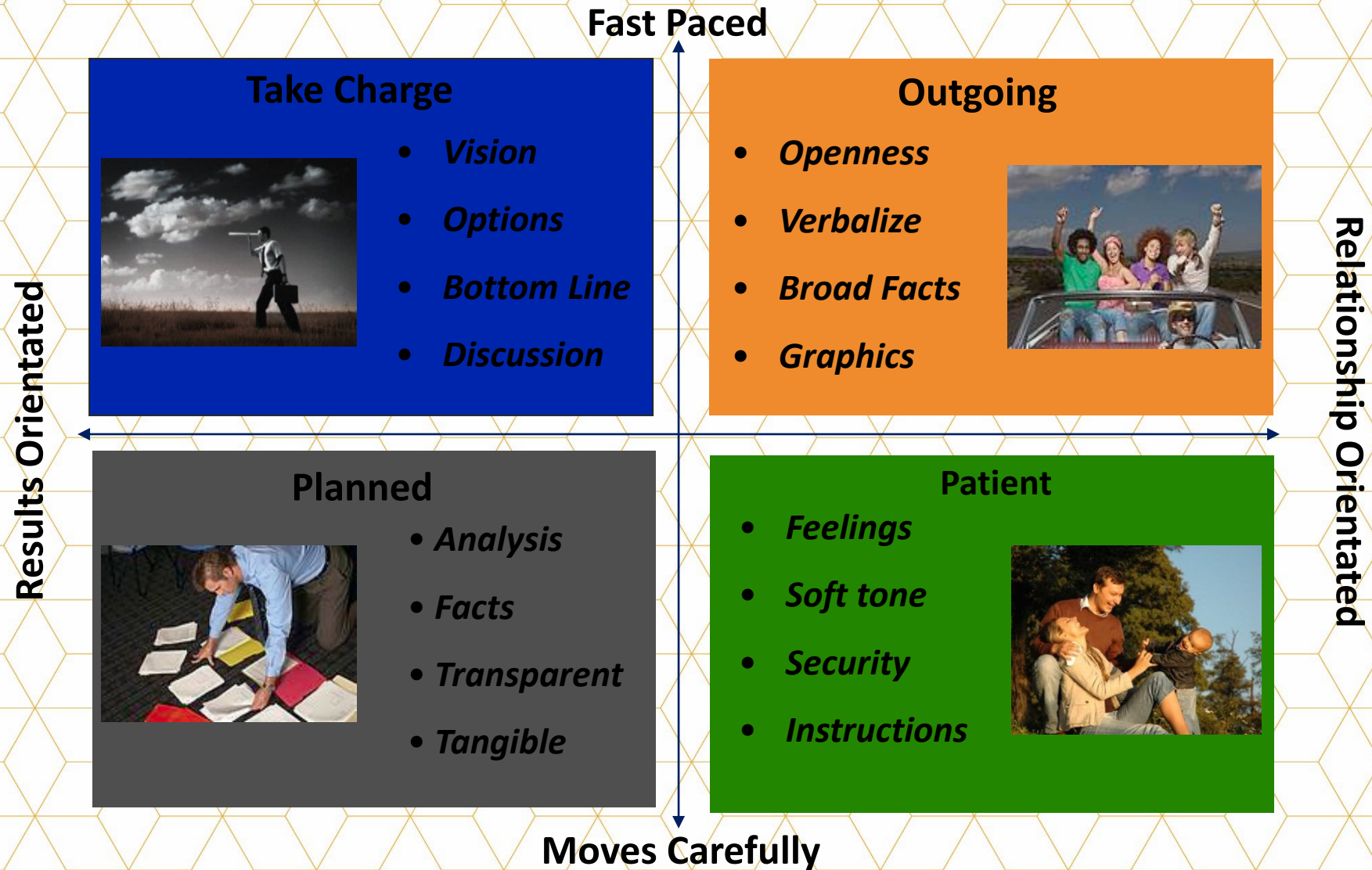
T Talk About Next Steps

Behaviorally Smart Meetings

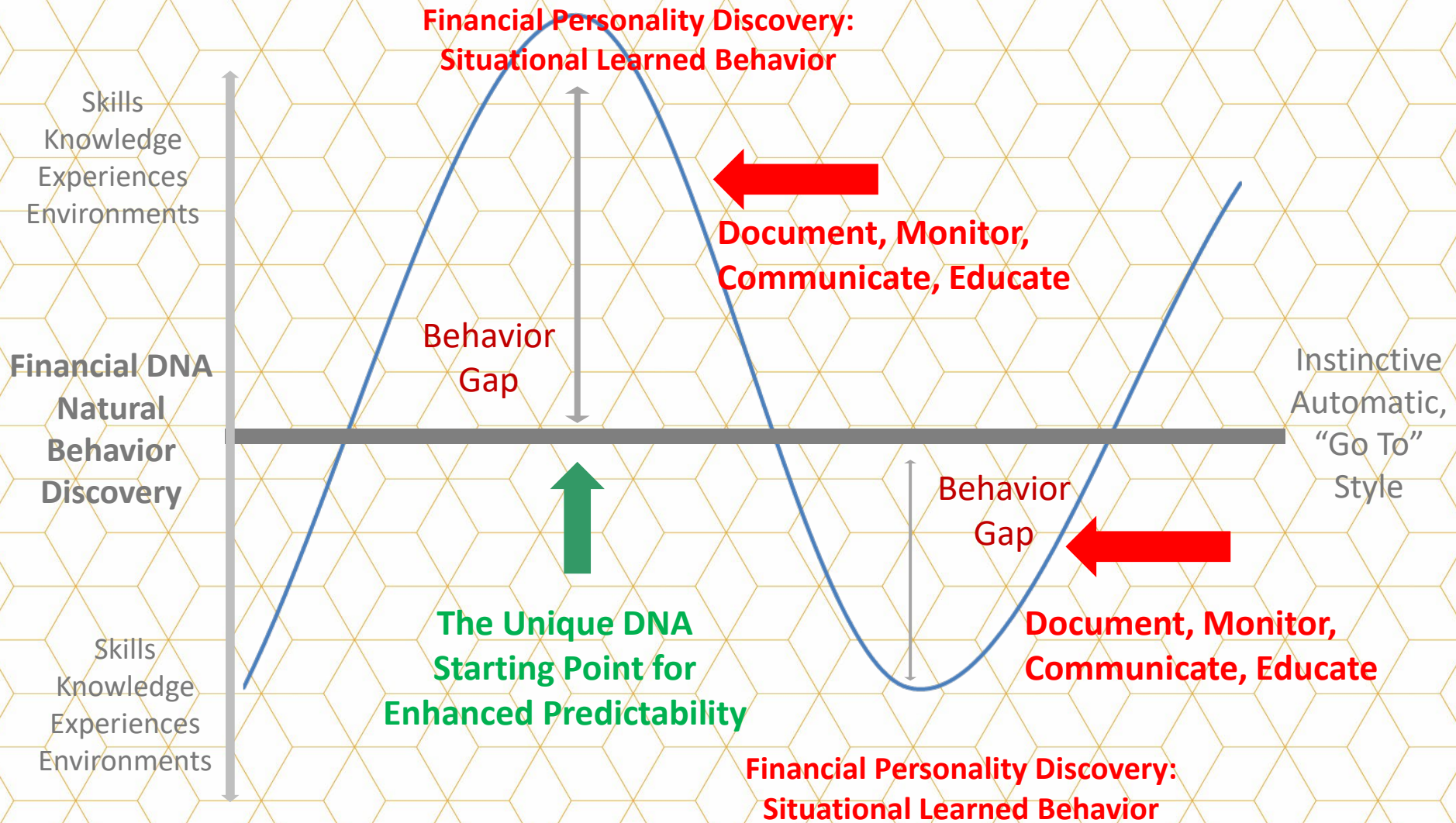
Power your meetings with Financial DNA by connecting Science, Methodology, and ART.

Customizing the Planning Experience

How Do Your Clients Wish To Be Communicated With?



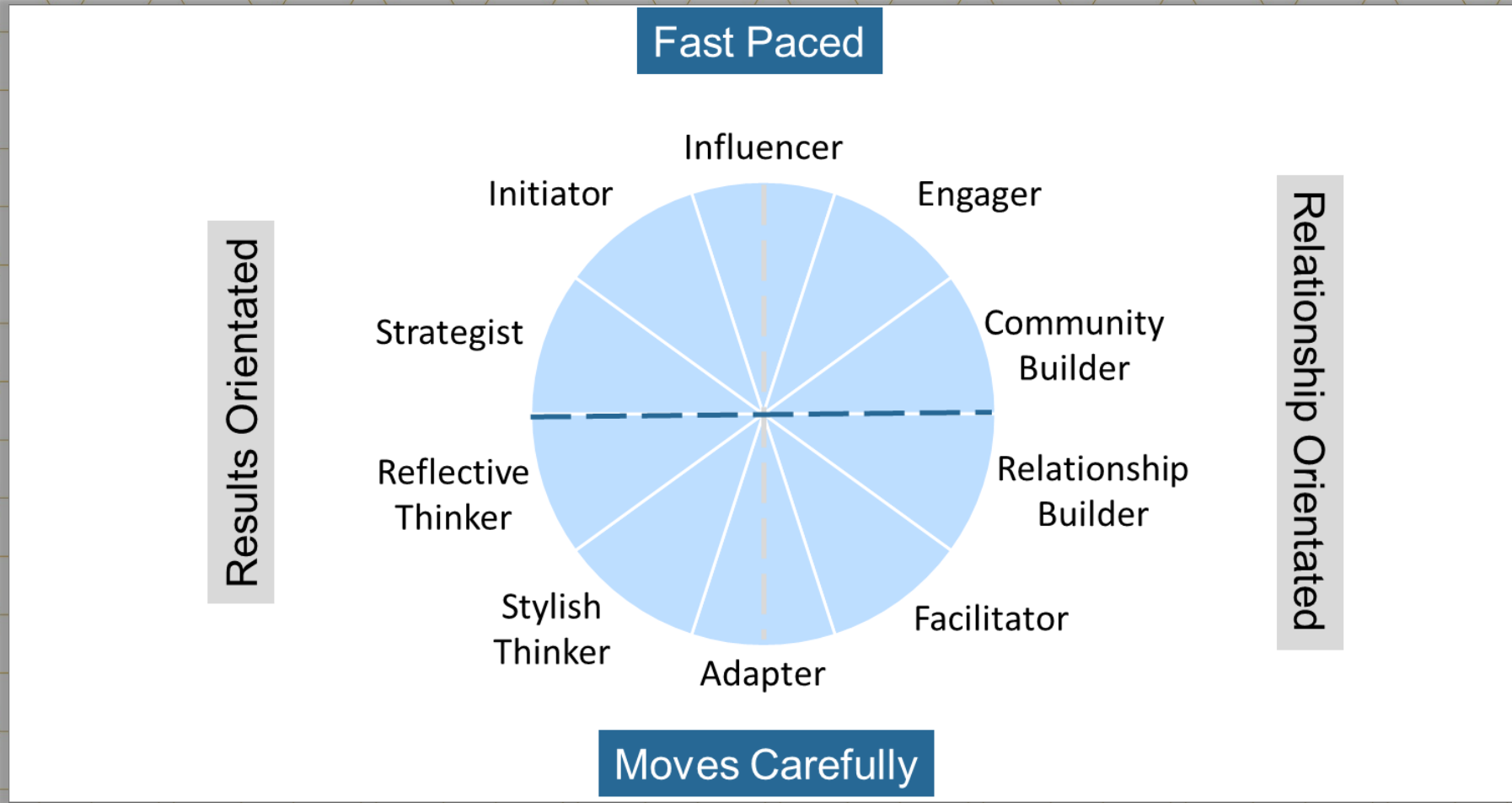
Re-Positioning the Discovery Starting Point to Natural DNA Hard Wired Behavior



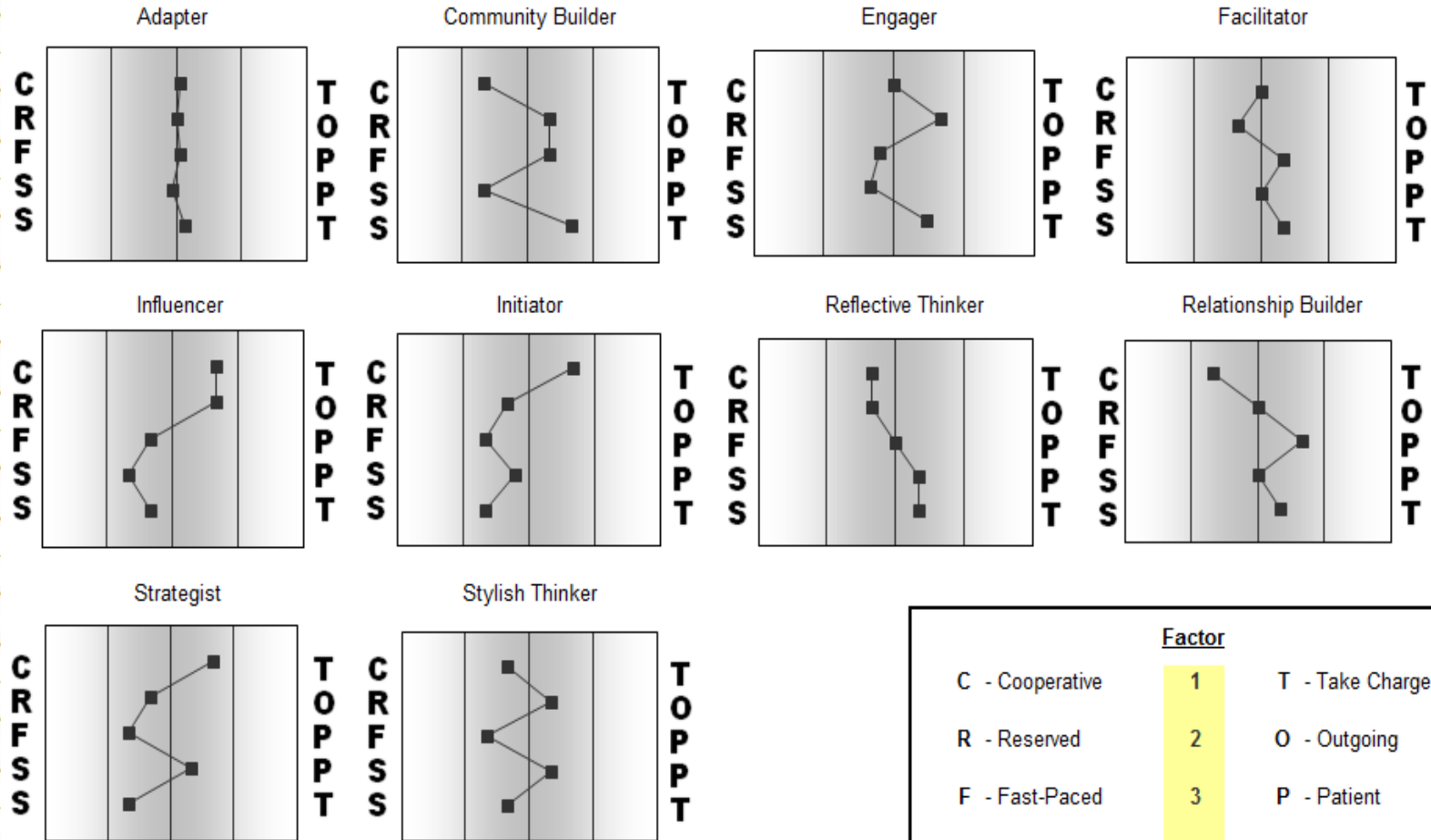
Key Points To Remember in Reviewing the Reports

- Measures normal “hard-wired” behavioral traits only
- Does not identify baggage or mental health
- The behavioral traits remain stable over time
- No ‘good’ or ‘bad’ styles
- Should not be used to ‘box’ people as there is a 0.08% chance of 2 people having exactly the same DNA Style
- No decision should be made solely on the report
- Great Advisors can (and do) come from any behavioral style
- The behavioral factor measurements are neutral to gender, age, generation and birth order

Decision-Making Style Connected to Natural Behavior



10 Financial DNA Natural Behavior Styles



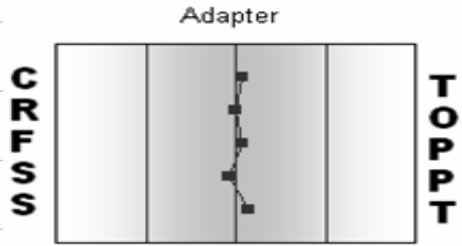
Factor		
C - Cooperative	1	T - Take Charge
R - Reserved	2	O - Outgoing
F - Fast-Paced	3	P - Patient
S - Spontaneous	4	P - Planned
S - Skeptical	5	T - Trusting

Index of 10 Financial DNA Natural Behavior Styles

The pages that follow contain a summary for managing each of the 10 Natural Behavior Styles listed below:

	<u>Page</u>		<u>Page</u>
Adapter	10	Initiator	15
Community Builder	11	Reflective Thinker	16
Engager	12	Relationship Builder	17
Facilitator	13	Strategist	18
Influencer	14	Stylish Thinker	19

Financial Planning Performance Guide for an Adapter



Description

- Compliant
- Respectful
- Courteous

Adapters are unique in that they have the unusual ability to adapt to the needs of their environment, and display whatever behaviors are necessary for success. They are very versatile and will generally partner and team well with others. They can generally perform well many tasks relating to achieving their goals and managing their performance, and they operate most effectively when they have very clearly defined expectations and boundaries.

Performance Environment:

Create a relaxed environment. Do not mistake their lack of response for inattention. Use written policies and procedures. Present specifics – facts, figures, data. Look for ways to minimize the risks.

To Challenge Them:

Encourage them to articulate firm boundaries regarding their investment preferences.

To Maximize Their Potential:

Encourage them to set clear goals and priorities.

Wants – Products

- Reliable products with a balance between security and results.

Wants – Mentor

- Professionalism and to-the-point approach.
- They prefer a balanced and serious approach.

Fears

- Being given advice that leads them to commit to products out of line with their goals.

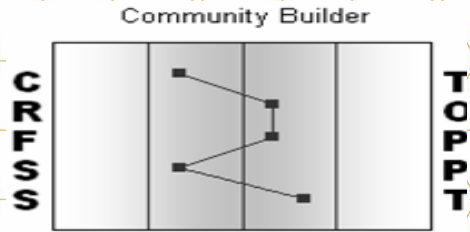
Decision-Making Style

- Rational and focused on the facts at hand. They are likely to be guided by their Mentor in areas they know little about, but will do their homework to ensure they are making the right decision.

What Alienates Me

- Being given the run-around or being offered products that are obviously not related to their needs.

Financial Planning Performance Guide for a Community Builder



Description

- Easy Going
- Promoter
- Understanding

Community Builders excel at meeting people and promoting cooperation among groups of people. Their natural inclination is to help and support others to carry out an activity or transaction. They are attentive to both people and tasks. They influence others through empathy and supportiveness. Once convinced of a course of action, they will encourage others, operate diligently and collaborate to achieve the goal. They seek supportive relationships that are appreciative and empathic towards one another.

Performance Environment:

Remember their need to fit in, build relationships, avoid conflict, be free from detail. Look for ways to minimize risks. Slow down the pace of communications. Use written policies, plans, procedures. Encourage their input. Invest time in building the relationship.

To Challenge Them:

Challenge them to articulate goals and their expectations of risk levels.

To Maximize Their Potential:

Focus on developing a strong relationship with them. Support them by ensuring they are not overwhelmed with details.

Wants – Products

- Safety and historical security are likely to be the most important aspects for Community Builders.
- Fund managers that they know and trust.

Wants – Mentor

- To have their needs, questions and concerns listened to and addressed.
- Reassurance after the sale that they have made the right decision.

Fears

- Investing in a product that turns out to be very volatile or unsafe.
- Being taken advantage of by a Mentor.

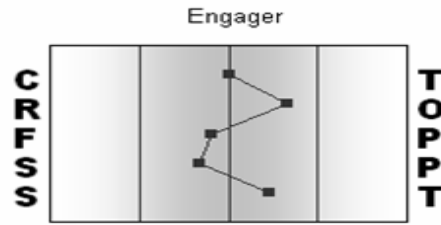
Decision-Making Style

- Quite emotional in their decision making, they are likely to ask the opinions of trusted friends or colleagues before deciding based on what 'feels right'.

What Alienates Me

- Being pushed to make a decision before they feel ready.
- Being offered solutions that do not meet their need for security.

Financial Planning Performance Guide for an Engager



Description

- Outgoing
- Expressive
- Talkative

Engagers enjoy meeting new people, new situations, new environments and being a promoter. They use their people skills to build relationships and interact with an ever-widening circle of contacts. Engagers enjoy using their verbal skills and will be very outgoing. They approach situations enthusiastically, especially when they are passionate about the outcomes. They enjoy new opportunities and starting (rather than finishing) new projects and goals.

Performance Environment:

Remember their need to engage, be publicly recognized and be free from details. Invest time in building the relationship. Use summaries, bullets, key points. Resist the temptation to prematurely edit their ideas. Expect/encourage their thinking out loud.

To Challenge Them:

Encourage them to focus on one goal at a time.

To Help Them Maximize Their Potential:

Allow them to express their goals and opinions, and help them to gain investment confidence to pursue their financial objectives.

Wants – Products

- Excitement, innovation and above-average results that will help them reach their lifestyle goals.

Wants – Mentor

- They expect a friendly relationship to be established.
- Prefer all research and paper work to be taken care of.
- Appreciate their goals and help structure their affairs to achieve them.

Fears

- Loss of respect or embarrassment
- Having to settle for a lifestyle less than their goal.

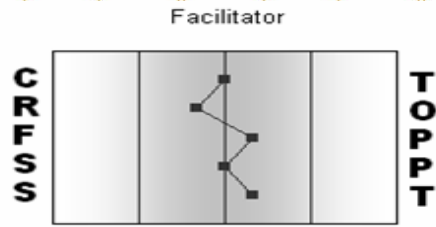
Decision-Making Style

- May waver between emotional and rational decision-making.
- May make decisions before fully understanding risks and panic later.

What Alienates Me

- Being forced to read detailed information or perform thorough research.
- Being persuaded to lower their goals.
- Products that do not live up to their mentor's claims.

Financial Planning Performance Guide for a Facilitator



Description

- Balanced
- Discerning
- Harmonious

Facilitators combine the ability to guide people with feelings yet with the determination to reach goals and accomplish tasks. This blend of behavioral strengths makes them well suited for situations where setting the agenda and recognizing the needs of other people are required. Consistency, reliability and persistence are important. They flourish in an environment where there is plenty of stability, group decision-making is encouraged and where they are recognized for the contribution they make.

Performance Environment:

Remember their need to retreat and avoid conflict. Allow them to have control, choices, options. Use written policies and procedures. Get to the point, minimize small talk. Present facts, minimize emotions.

To Challenge Them:

Encourage them to gradually delegate control of their finances to others.

To Maximize Their Potential:

Educate them in investment options and encourage them to plan their investment mix.

Wants – Products

- Predictable and practical solutions that are based on past results and plenty of facts.
- Association with brands or names that they know and trust.

Wants – Mentor

- To have all the “what ifs” dealt with and accounted for.
- Assurance after the sale that they have made the right decision.
- Cooperation, teamwork, loyalty and trust.

Fears

- Committing to a product and then discovering hidden “catches.”
- Losing control over their finances.
- Conflict.

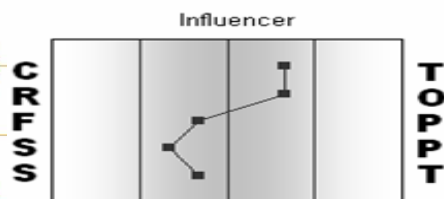
Decision-Making Style

- Reasonably emotional, although also quite goal-driven.
- They may make decisions based on what “feels right’.”
- Facilitator will research thoroughly first.

What Alienates Me

- Being rushed or forced into a decision.
- Lack of cooperation, punctuality or loyalty.

Financial Planning Performance Guide for an Influencer



Description

- Ring Leader
- Assertive
- Visionary

Influencers usually have a unique blend of confidence, initiative and people skills. They are typically able to see the larger vision and then use their superior communication skills to influence others towards accomplishing it. They will wholeheartedly invest time and effort into developing others and their personal performance towards goals, particularly strategies that they see significant potential in.

Performance Environment:

Remember their need to be in control, engage with people, be recognized, initiate action, have freedom. Give direct answers, get to the bottom line quickly. Remember their need for fun/excitement. Use summaries, bullets and key points. Use graphics and verbal communication—don't swamp them with detail.

To Challenge Them:

Challenge their understanding of investment areas, and offer them motivational education in areas they take interest in.

To Maximize Their Potential:

Ensure they do not have excessive details to deal with, and help them to commit to goals within their financial framework.

Wants – Products

- Products that will achieve their goals as quickly as possible.

Wants – Mentor

- Direct communication with their issues addressed succinctly, highlighting the bottom line.
- All relevant research summarized to enable them to choose based on the most relevant facts.

Fears

- Investing in a poor-performing product that will hinder them from achieving their goals.
- Having their time wasted with products that do not meet their objectives.

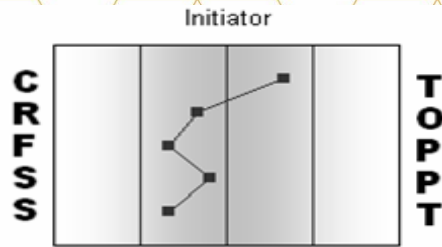
Decision-Making Style

- Very confident and goal-driven, their decision-making will be quick and definite and is likely to favor whatever will achieve their goals most quickly.

What Alienates Me

- Being given the “run around” or having their time wasted on issues that they feel are not relevant to them.
- Being forced to analyze or research too much detailed information.

Financial Planning Performance Guide for an Initiator



Description

- Results-Driven
- Logical
- Decisive

Initiators like to take bold, aggressive actions and create the rules. They will prefer to lead decision-making, setting the agenda for others to follow and monitoring the timely completion of tasks. They are goal-driven persons who likes their expectations managed and not to get caught up in unnecessary details. Their decision-making will typically be fast paced and rational. They will not be afraid to take on challenging assignments or to accept a lot of risks to realize their ambition.

Performance Environment:

Remember their need to be in control, set the agenda, initiate action. Move quickly to the bottom line. Offer them options so they can decide. Speak/move at a quick pace. Use summaries, bullets and key points. Use graphic and verbal communication—don't swamp them with details.

To Challenge Them:

Encourage them to think through the steps required to realize their goals, to establish realistic expectations.

To Maximize Their Potential:

Support them with details and analysis so they can concentrate on setting goals and agendas.

Wants - Products

- Products that will achieve their goals as quickly as possible.

Wants - Mentor

- Direct phone communication with their issues addressed succinctly and highlighting the bottom line.
- Summarize all relevant research to enable them to choose based on only the facts.

Fears

- Investing in a poor-performing product that will hinder them from achieving their goals.

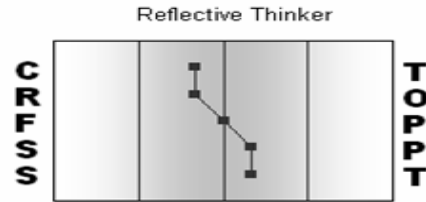
Decision Making Style

- Very confident and goal-driven, their decision-making will be quick and definite and is likely to favor whatever will achieve their goals most quickly.

What Alienates Me

- Being given the "run around" or having their time wasted on issues that they feel are not relevant to them.
- Investments that do not live up to the mentor's claims.

Financial Planning Performance Guide for a Reflective Thinker



Description

- Considered
- Focused
- Stable

Reflective Thinkers are analytical, thorough, and philosophical in their search for meaning, truth and purpose in all they do. They are particularly adept at drawing incisive conclusions from data and research. Their accuracy and precision is valuable in any group setting, and they bring objectivity to decision-making processes. Typically, they will prefer to follow guidelines in completing tasks and will expect cooperation to be given.

Performance Environment:

Remember their need to fit in, retreat and think, be accurate and detailed. Create a relaxed environment. Encourage their input. Present the facts, minimize emotions. Look for ways to minimize risks. Remember their need to analyze. They need to be convinced of our commitment to rules, standards and procedures.

To Challenge Them:

Introduce Investment concepts to them and give them time to analyze them thoroughly.

To Maximize Their Potential:

Mentor them to become more proficient and confident in areas of investment they are interested in.

Wants – Products

- Products that are well-researched with a reasonable level of security.
- Predictable and practical solutions that are based on thorough research.

Wants – Mentor

- Detailed information to back up your advice, with plenty of time to absorb it and research.
- Patience in answering their questions.

Fears

- Committing to a product and then discovering new information that would have altered their decision.

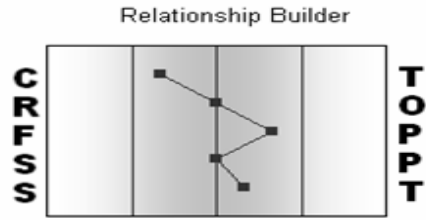
Decision-Making Style

- Fairly rational decision-making, very fact-based.
- They will research thoroughly, be skeptical, take considerable time and probably consult a variety of sources in their fact-finding.

What Alienates Me

- Being rushed into a decision without the time to fully research their options or have their questions answered.

Financial Planning Performance Guide for a Relationship Builder



Description

- Advocate
- Dependable
- Loyal

Relationship Builders will be comfortable and operate at their best when given the opportunity to work with and serve others. They are friendly, kind and empathetic to others they interact with and gain fulfillment by helping others to achieve their goals. Their preference is to live in a stable environment and make decisions based on history and security.

Performance Environment:

Remember their needs to fit in, avoid conflict. Create a relaxed environment. Encourage their input and be an active listener. Slow down the pace and soften the tone of communication. Share your emotions along with information.

To Challenge Them:

Encourage them to share their ideas, and work with them to realize them.

To Maximize Their Potential

Support, guide and mentor them to build their financial decision-making confidence.

Wants – Products

- Steady products that have guarantees or at least are very predictable.
- Products that they understand well, are comfortable with, and can see tangibly.

Wants – Mentor

- Steadiness and consistency in approach, patience in addressing their concerns, and education in investment products.
- Clearly communicate about risk and product expectations so there are no surprises.

Fears

- Committing to a product on the recommendation of a mentor only to find it does not work.
- Committing to a product that has more risk than they knew about or anticipated.

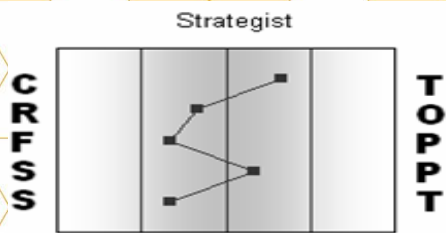
Decision-Making Style

- Will be based on what they feel to be the safest investment.
- They are likely only to commit to products that they know, understand and feel comfortable with.

What Alienates Me

- Being asked for a decision before they have had time to process their thoughts and feelings about an investment.
- Mentors who are not patient in addressing their questions.

Financial Planning Performance Guide for a Strategist



Description

- Evolutionary
- Visionary
- Structured

Strategists excel by blending their strong drive to reach key goals with sound knowledge, high quality processes and quality control standards. As a result, they are equipped to be strategic players in situations where achieving results is a priority. They have an ability to achieve ambitious goals and concentrate on matter-of-fact, practical issues. They also have a rational, impartial approach that enhances their ability to make difficult decisions.

Performance Environment:

Remember their need to be in control, retreat and think. Move, speak and act quickly, be accurate with details. Give direct answers, get to the point. Provide plenty of detail so they can analyze it for themselves. Give them choices so they can make the final decision. Honor their need for structure, schedules, rules.

To Challenge Them:

Encourage them to delegate responsibility over time.

To Maximize Their Potential:

Educate them in a number of investment areas and develop strategies that involve a mixture of asset classes and transactions.

Wants – Products

- Products that will meet their goals quickly while not compromising on quality.
- Products that have robust data available.

Wants – Mentor

- Meticulous research to be conducted and summarized with the best options offered to them.
- Direct communication, with their issues addressed succinctly.

Fears

- Investing in a poor-performing product that will hinder them from achieving their goals.

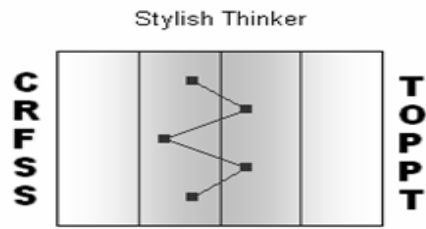
Decision-Making Style

- While very confident and goal-driven, they will not make a decision until they have thoroughly researched all aspects of an investment.

What Alienates Me

- Being given recommendations based on the mentor's recommended list without thorough research to back it up.
- Being persuaded to commit to products that do not meet their criteria.

Financial Planning Performance Guide for a Stylish Thinker



Description

- Sharp
- Cutting-edge
- Demanding

Those with the Stylish Thinker DNA Natural Behavior Style enjoy interacting with others and getting the most out of any situation. In making decisions they require precision, technical information and the latest trends that will fully inform them that they are getting the best solution or outcome available. They also like to be able to test ideas in discussions with other people. They will usually be strong in following through on their goals but may need some help in developing their personal vision.

Performance Environment:

Remember their need to engage and be publicly recognized, fit in, be accurate with details. Encourage their input and be an active listener. Remember their need for fun/excitement. Invest time in building their relationship. Present specific facts, figures, plans. Anticipate their immediate responses and quick fixes.

To Challenge Them:

Work with them to create an exciting financial vision for their life.

To Maximize Their Potential:

Be sure to present pitfalls when they show extreme enthusiasm, to give them a balanced viewpoint.

Wants – Products

- Products with solid history that will help them realize their lifestyle goals as quickly as possible without reducing quality.

Wants – Mentor

- They usually expect imaginative and cutting-edge, well-researched advice.
- They are very optimistic, and need their optimism to be validated before being contradicted.

Fears

- Finding out information about a product after committing to it that may have changed their decision.

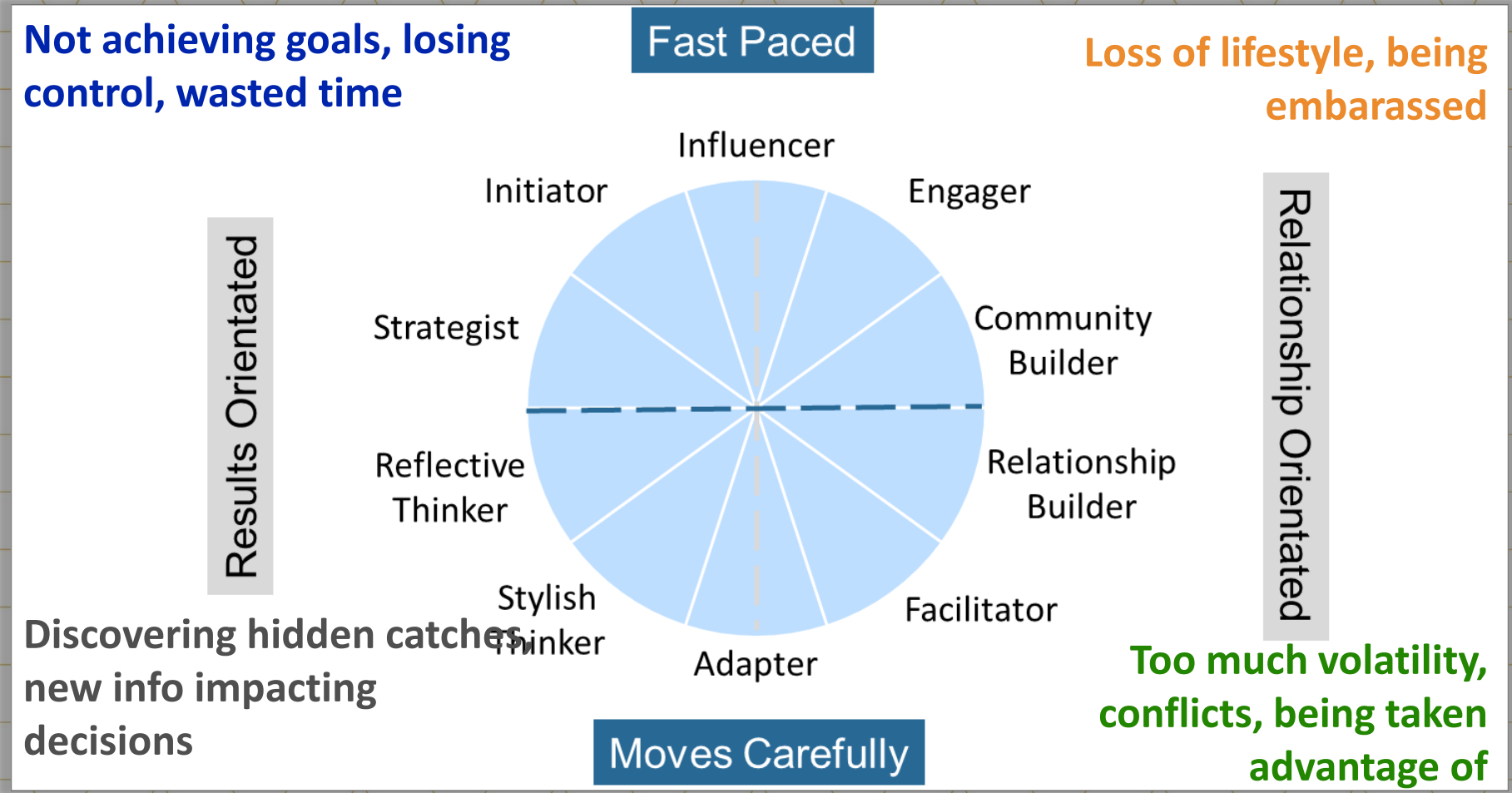
Decision-Making Style

- Their decision-making is based on a combination of their own research and on the opinions of those they respect.

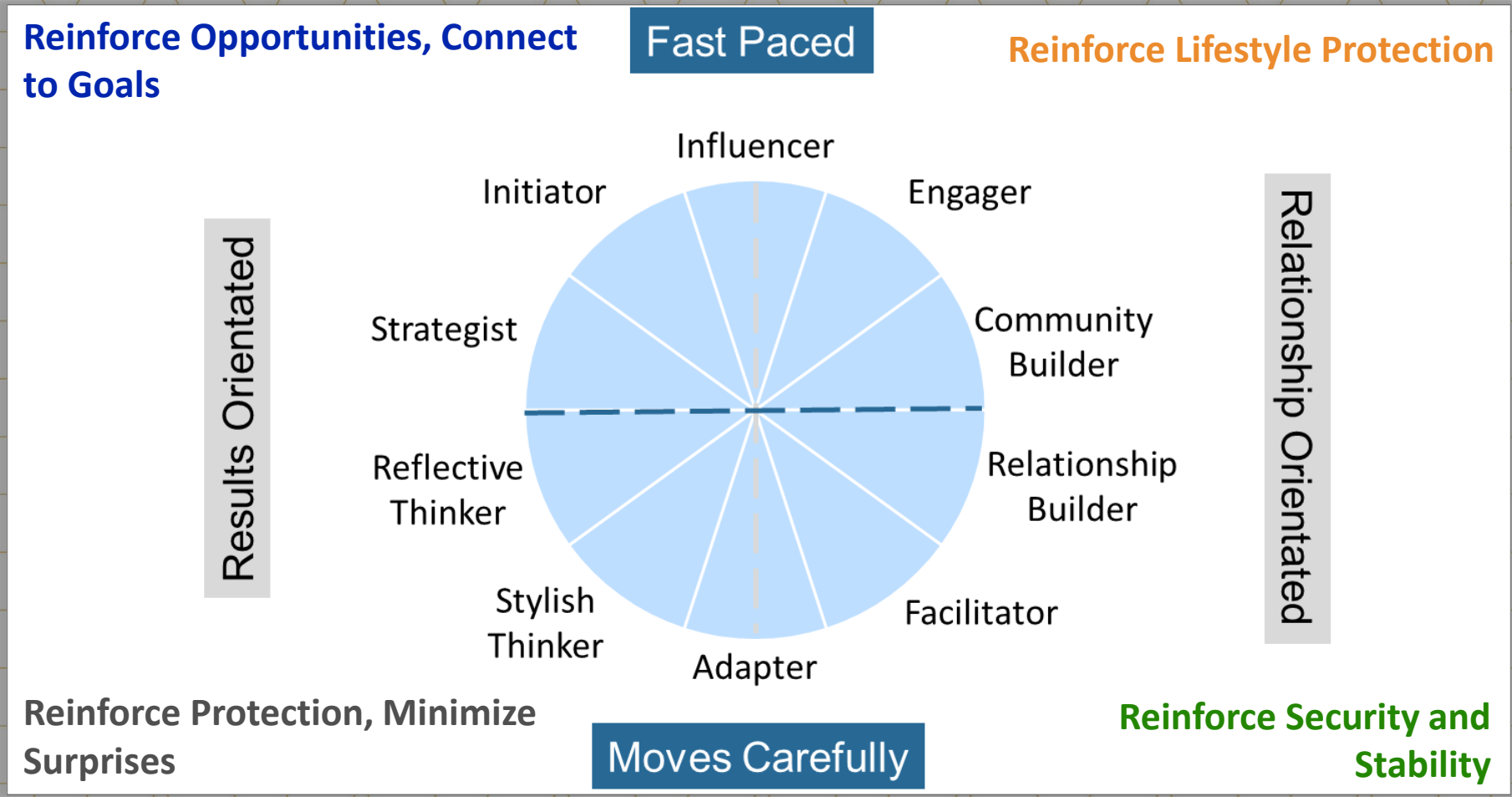
What Alienates Me

- Having their optimism and enthusiasm dampened or let down quickly.
- Having their ideas contradicted without a clear, logical argument based on facts.

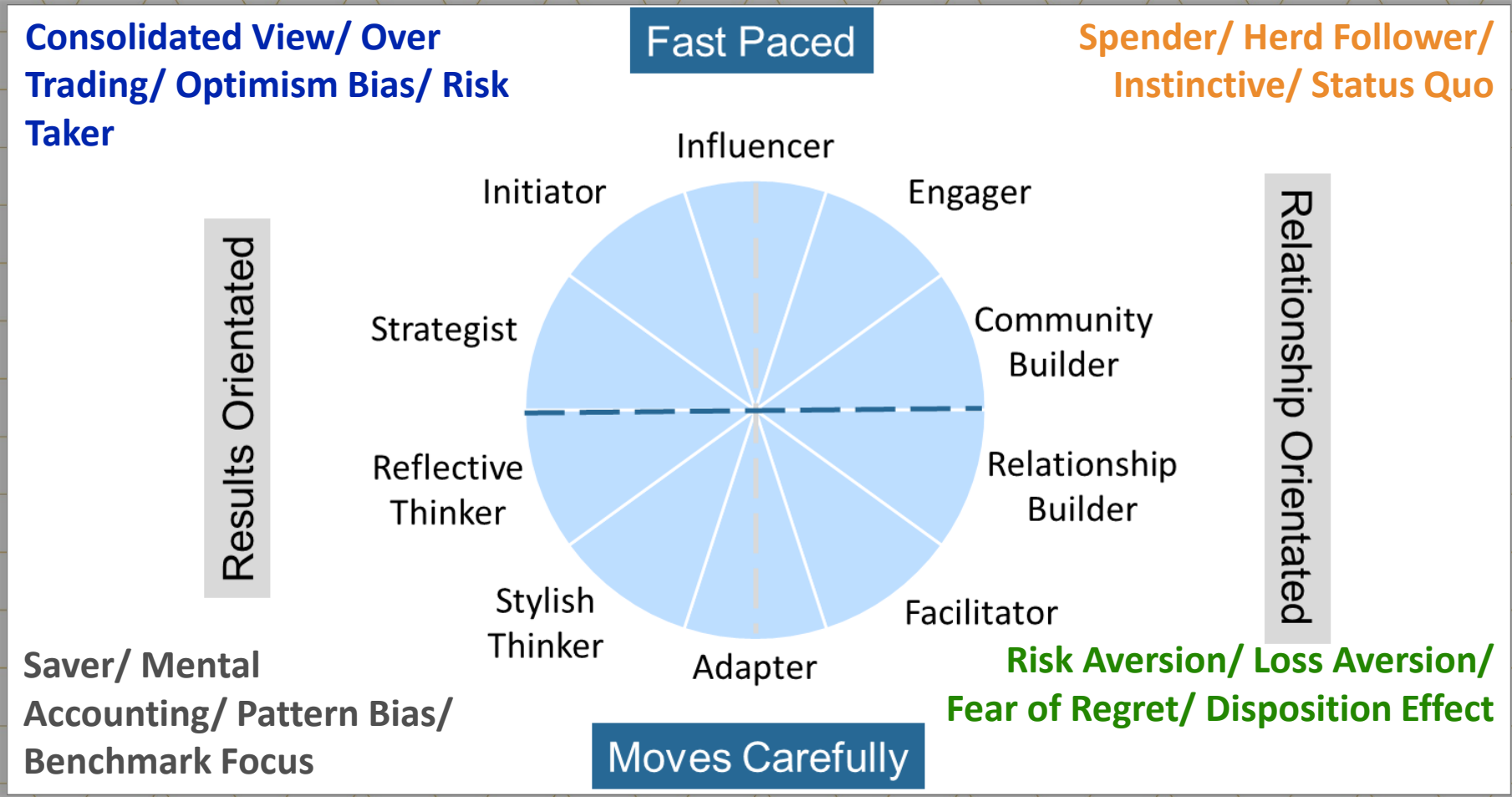
Events Setting Off Fears



Communication Messaging based on Natural Behavior Style



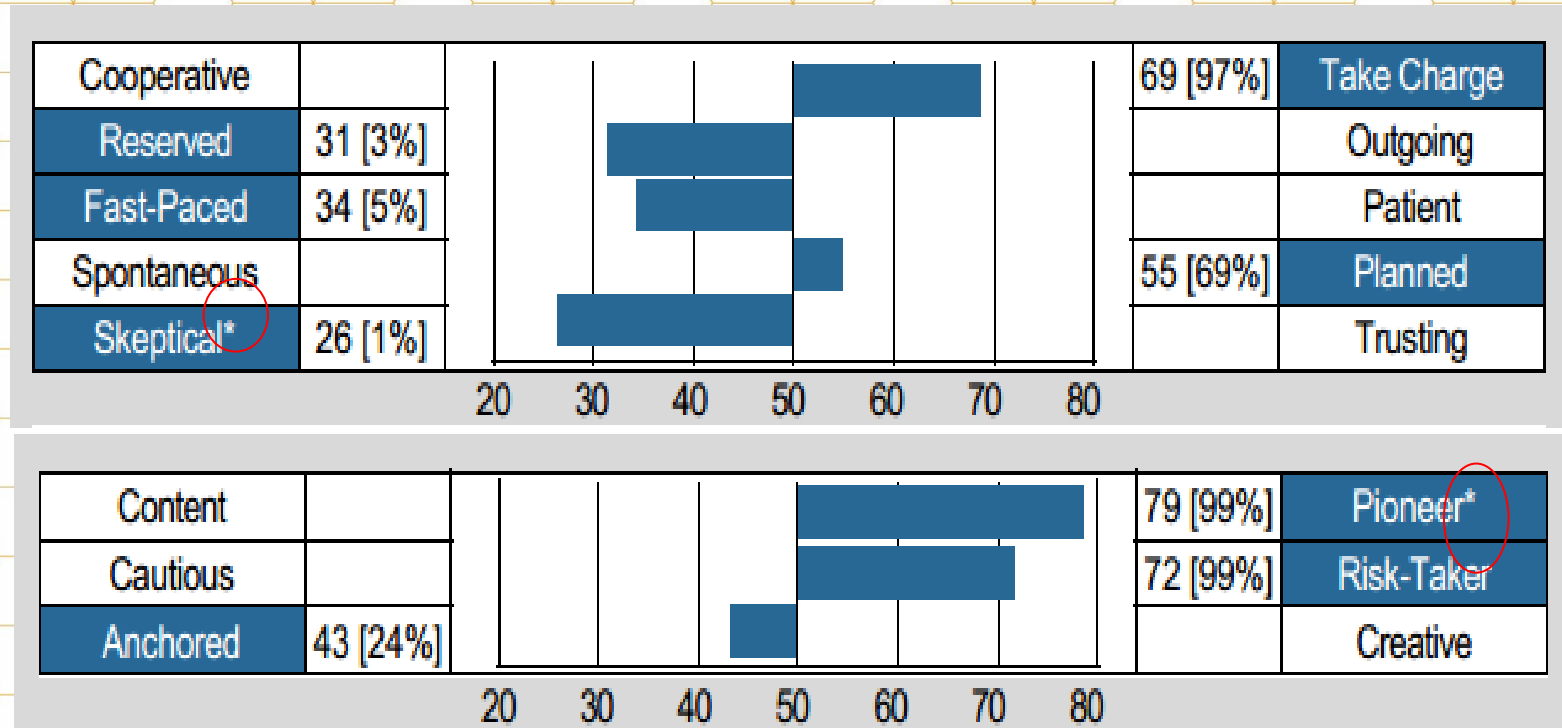
Behavioral Biases Connected to Natural Behavior



Natural Behavior Discovery Scoring

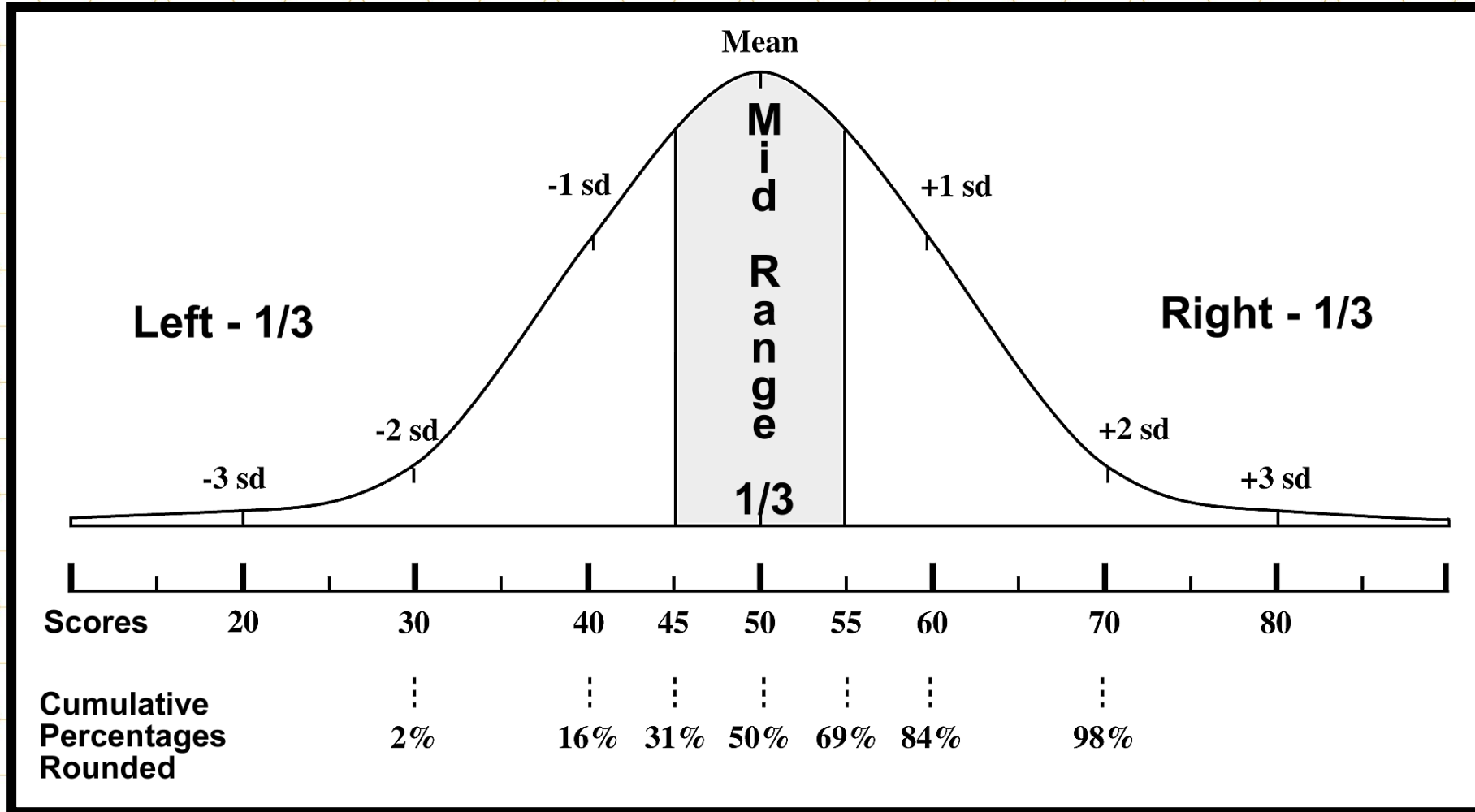
8 Primary Factors

Chris Coddington



*Star indicates the 2 strongest scores which drive the report

Bell Curve Distribution of Behavioral Factors Driving of Profile Factor Trait Intensity



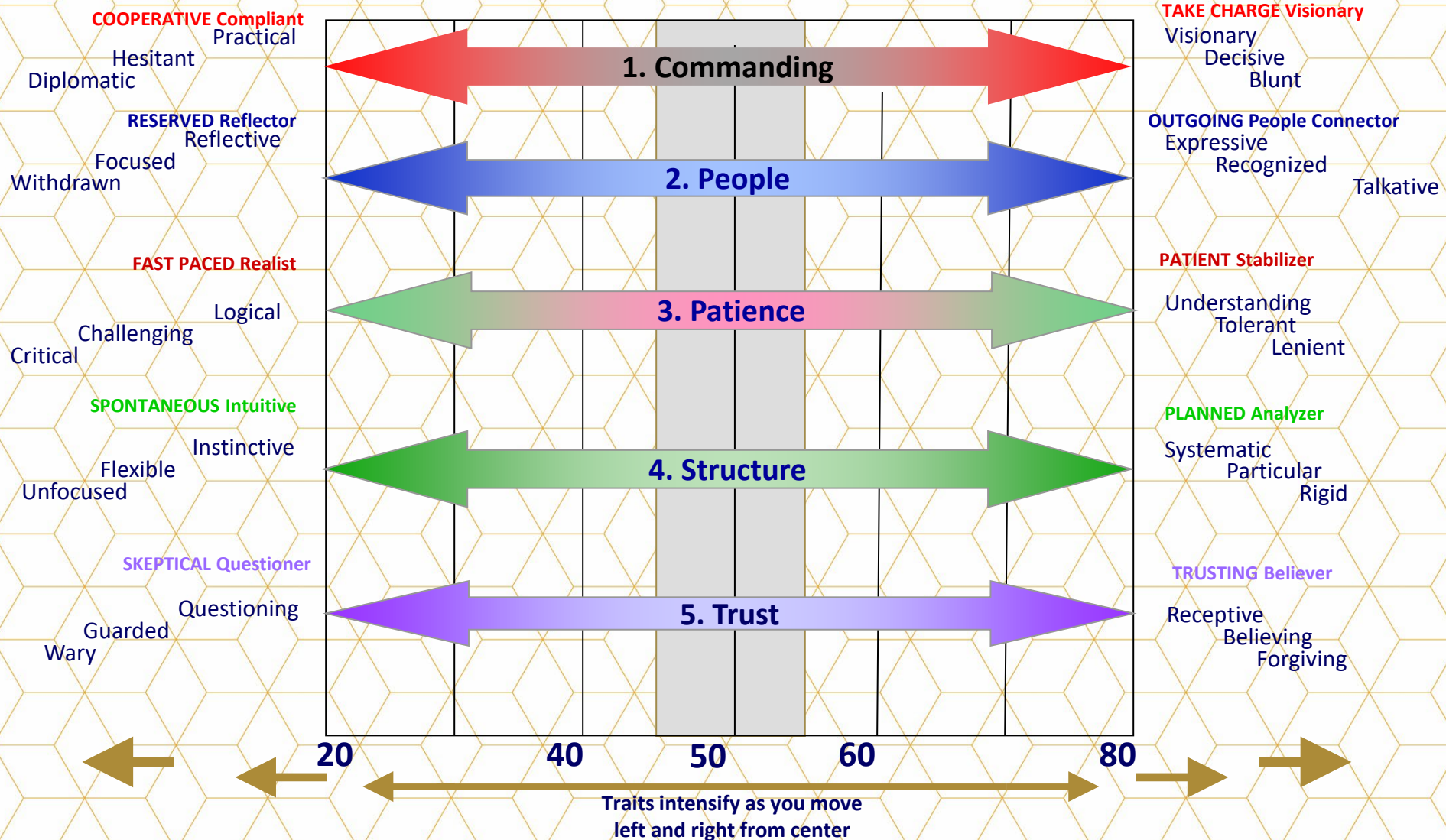
Behavioral Awareness

Understanding Strengths, Struggles and Mid-Range

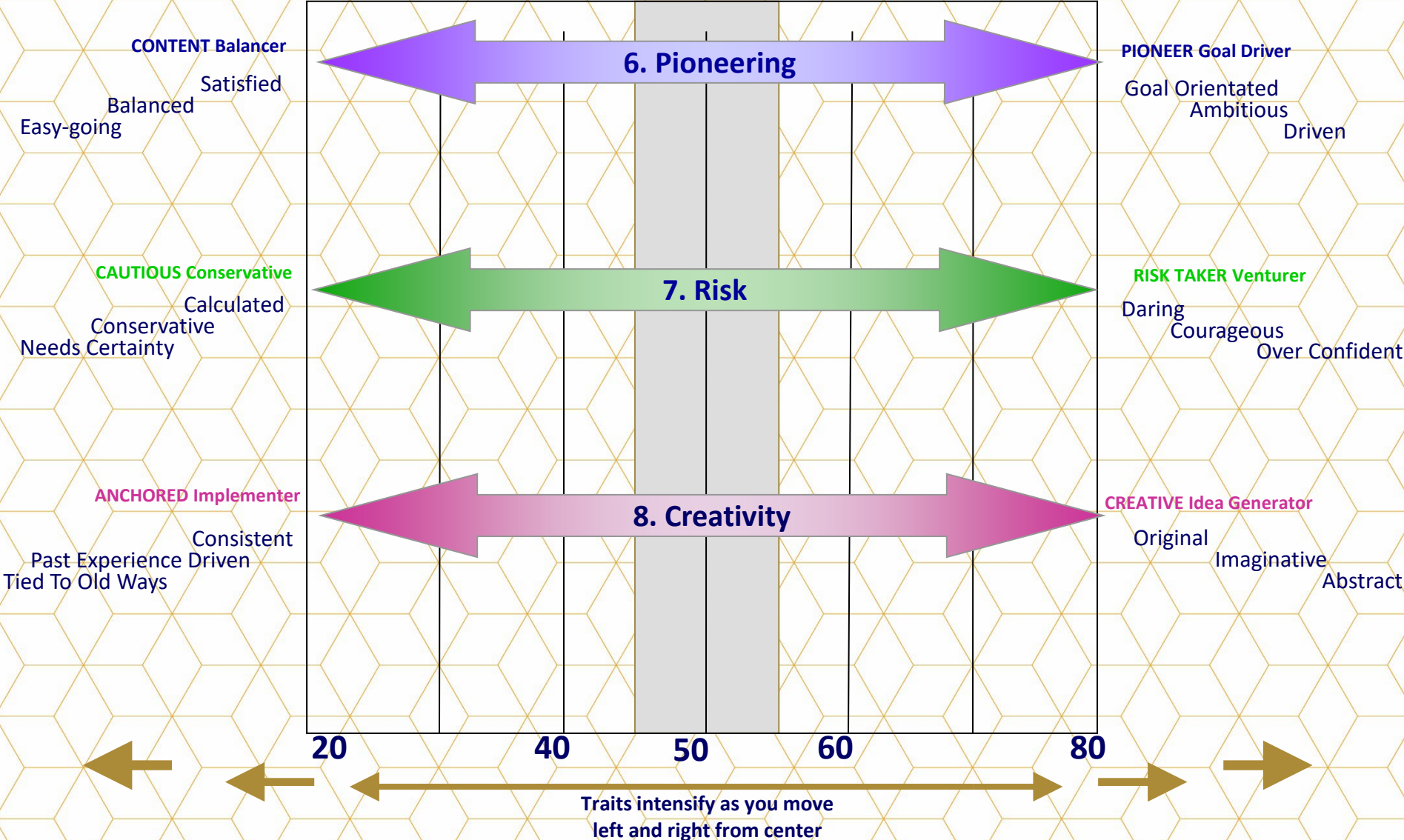
Objective behavioral awareness is critical. Playing to your strengths consistently will maximize your potential. Although, strengths over-played can become blind-spots.

- **Strengths** - Behaviors that come naturally and which should be used. Note: Strengths over used can become a struggle.
- **Struggles** – Behaviors that can be managed with greater awareness of your natural behaviors. Struggles not managed can become a weakness.
- **Strong Factor T-Scores (over 60 and under 40)** – the closer to 20 or 80 the stronger the strength and struggle because there is more natural energy, and the harder it will be to adapt the behavior. The reports identify the 2 strongest T-Scores and are primarily driven by them.
- **Mid-Range Scores (between 45 and 55)** - Tend to be more flexible in these factors. Easier to move left or right.

Factors: Core Financial Life Drivers (Results and Relationships)



Factors: Financial Life Planning Drivers (Growth and Life Balance)



Chris Coddington's DNA Ultimate Performance Guide

Keys for Enhanced Interaction

Your Performance Strengths	Your Performance Struggles
<p><i>Knowing your strengths, you can increase your performance potential.</i></p> <ul style="list-style-type: none">• Takes initiative• Goal driven• Accepts challenges• Thinks matters through• Able to ask difficult questions	<p><i>Knowing your struggles, you can reduce your performance impediments.</i></p> <ul style="list-style-type: none">• May sacrifice a balanced life• Can be overly vigorous• May have difficulty letting matters go
Your Performance Environment Keys	
<p><i>The Performance Environment Keys indicate the required setting for your maximum performance.</i></p> <ul style="list-style-type: none">• Provide me with the big picture• Present me with action plans• Keep me informed of progress• Expect me to ask for the logic and key points• Remember my need to do analysis	

Items from the Top 2 Factors:

Factor 1 –
3 Strengths,
2 Struggles,
3 Performance Keys

Factor 2 –
2 Strengths,
1 Struggles,
2 Performance Keys

Quality Life Behavioral Attitudes for Purpose Based Planning

Quality Life Behavioral Attitudes		
Your natural motivations, desires and approach to Quality Life are often influenced by the strongest traits in your natural behavioral style. Based on the two strongest behavioral factors shown in your Natural Behavior report, your primary Quality Life Attitudes are summarized in the table below.		
	Quality Life Attitude 1 Pioneer Factor	Quality Life Attitude 2 Skeptical Factor
Quality Life Outlook:	Being progressive	Protective of information
Wealth Creation Philosophy:	Goal driven	Watchful
Financial Attitude:	Achievement driven	Guarded
Financial Goal Setting Approach:	Ambitious	Asks difficult questions
Activity Passion:	Accepting challenges	Critical thinking
Values:	Taking action	Discovering the truth
Planned Giving Motivation:	Having high impact	Provide accountability
Strength:	Takes initiative	Watchful
Blind-spot:	Too focused	Fearful
Communication:	Provide big picture	Be logical

Quality Life Attitudes are Based on the Top 2 DNA Factors

Financial Planning Insights

Financial Planning Insights		
Based on combinations of your behavioral factors, your natural talents in the financial planning is set out in the table below.		
Insight	L/M/H	Population% (0-100%)
Sets the Agenda for the Planning Process	HIGH	96%
Patiently Builds Long Term Relationships	LOW	1%
Focus on Bottom Line Results	HIGH	98%
Risk Propensity for Taking Chances	HIGH	98%
Risk Tolerance for Living With Losses	HIGH	99%
Sets Goals for Ambitious Plans	HIGH	99%
Pursues Goals to Stay Focused on the Plan	HIGH	96%
Comfort to Deal With Change and Make Decisions	HIGH	90%
New Idea Driven for Investing in Solutions and Products	HIGH	82%
Financially Organized and Follows Budgets	MEDIUM	69%
Need for Information, Research and Analysis	HIGH	95%
Spending Desire on Lifestyle Items	LOW	8%
Need for Control Over Financial Planning Decisions	HIGH	93%

High Scores= 70% and over
 Medium Scores= 31% to 69%
 Low Scores= 30% and under

 Risk Behavior

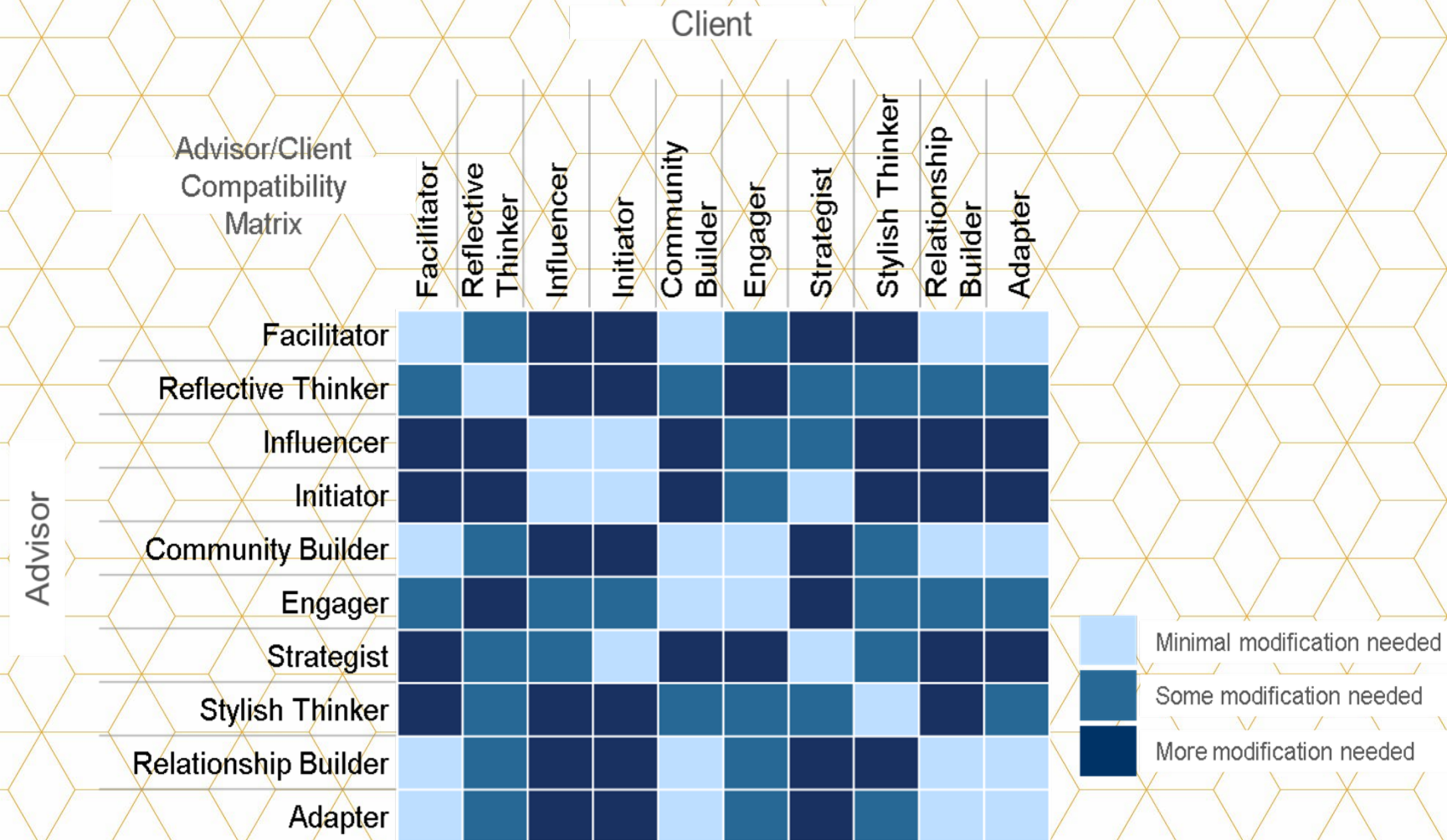
 Goal-Setting Behavior

 Spending Behavior

Behavioral Style Compatibility Matrix

- The matrix on the following page is intended to be a guide only and will not guarantee good Wealth Mentor/Client relationships in every case.
- The matrix is based on the similarities and preferences of each behavioral style. People who share similar behavioral styles will usually experience significant synergy, although this is not always the case (for example, if two people both want to take charge, they may experience conflict). People with significantly different behavioral styles may need to adapt their behavior in order for communication to flow effectively.
- Most people prefer to deal with those very similar to themselves. However, some may prefer dealing with those people who are opposite to them in behavioral characteristics.
- When two people have very similar behavioral styles, they are likely to share similar struggles and may benefit from another perspective at times.

Advisor/Client Compatibility Matrix



Risk Profile Construction Utilizing the Right Data Operational Best Practices

Upfront + One Time: Financial DNA Natural Behavior Discovery (Level 1 – Nature)

Makes subjective discovery of risk profile more objective

91% reliability

Reversion “go to” emotional point in pressure event situations

Indicates long-term thinking and emotional commitment

Annual: Learned Behavior Discovery (Level 2 - Nurture)

Identifies changing influences of current environment, experience, education

Identifies preferences and potential rational thinking

Indicates short term decision-making

Alignment +Aggregation

Gap analysis of natural and learned risk profile styles

Identify attitudinal and perception shifts

Align behavior to objective factors influencing portfolio – including spending

Document and adjust IPS

Client's Natural Behavior Portfolio Risk Group Based on Risk Propensity and Risk Tolerance

Risk Propensity for Taking Chances	HIGH	98%
Risk Tolerance for Living With Losses	HIGH	99%

For those who should take no risk and be in cash



Natural Behavior Investment Portfolio Parameters							
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Pop. % in this category	<2%	2-18%	19-30%	31-69%	70-81%	82-98%	>98%
Portfolio Structure	Capital Protection	Ultra-Conservative	Conservative	Balanced	Accumulation	Growth	Aggressive

Risk Propensity vs Risk Tolerance

The Advisors Nightmare

Risk Propensity 20% greater than Risk Tolerance (Loss Aversion) in + 20% of Cases

Risk Propensity for Taking Chances	HIGH	73%
Risk Tolerance for Living With Losses	MEDIUM	50%

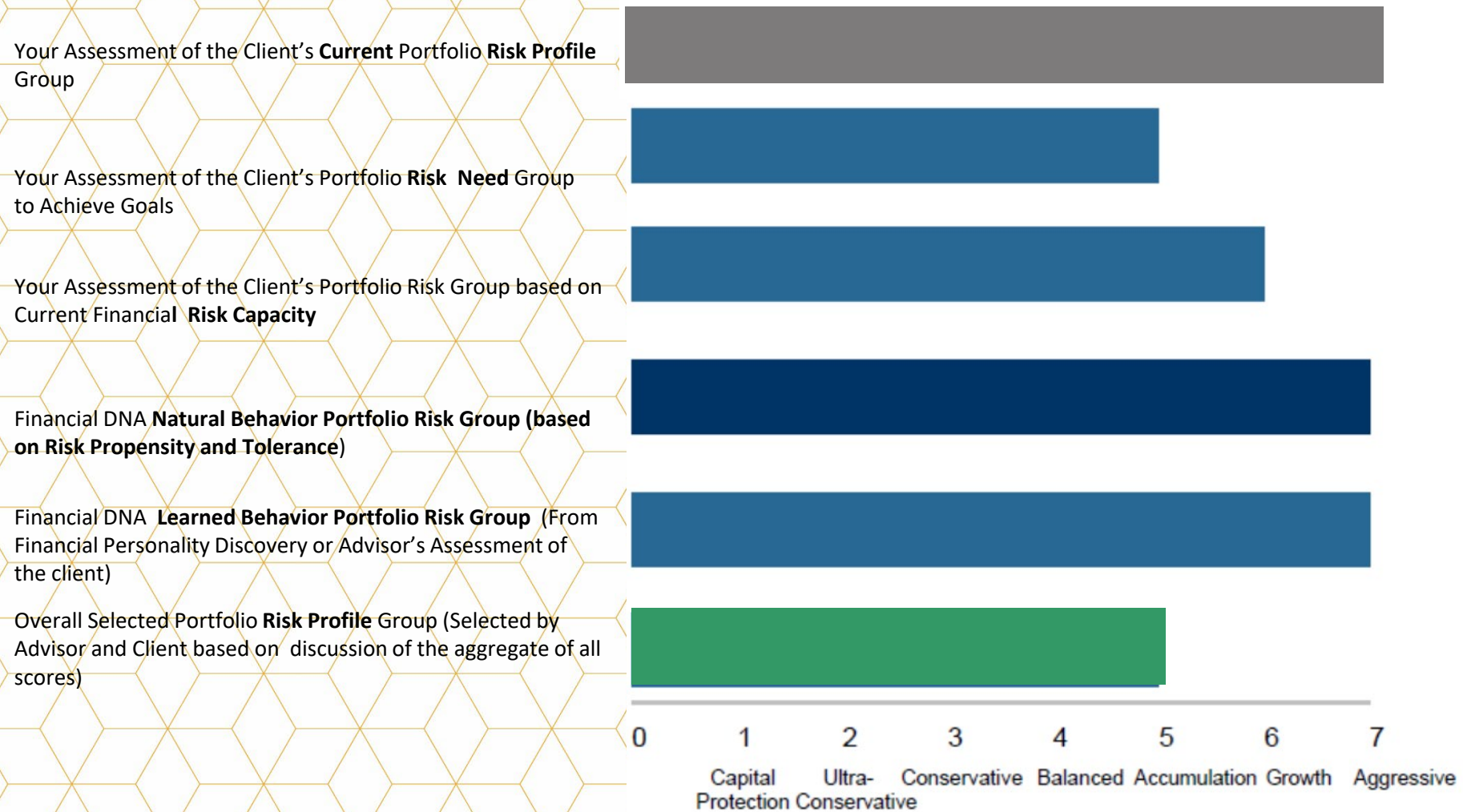


Risk Behavior Gap – High Emotions

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
Pop. % in this category	<2%	2-18%	19-30%	31-69%	70-81%	82-98%	>98%
Portfolio Structure	Capital Protection	Ultra-Conservative	Conservative	Balanced	Accumulation	Growth	Aggressive
				Natural Risk Tolerance	Natural Risk Propensity		

Invest Down - Manage Expectation Gap

Building the Plan and IPS – Summary of Clients Selected Portfolio Risk Aligned to Goals, Capacity



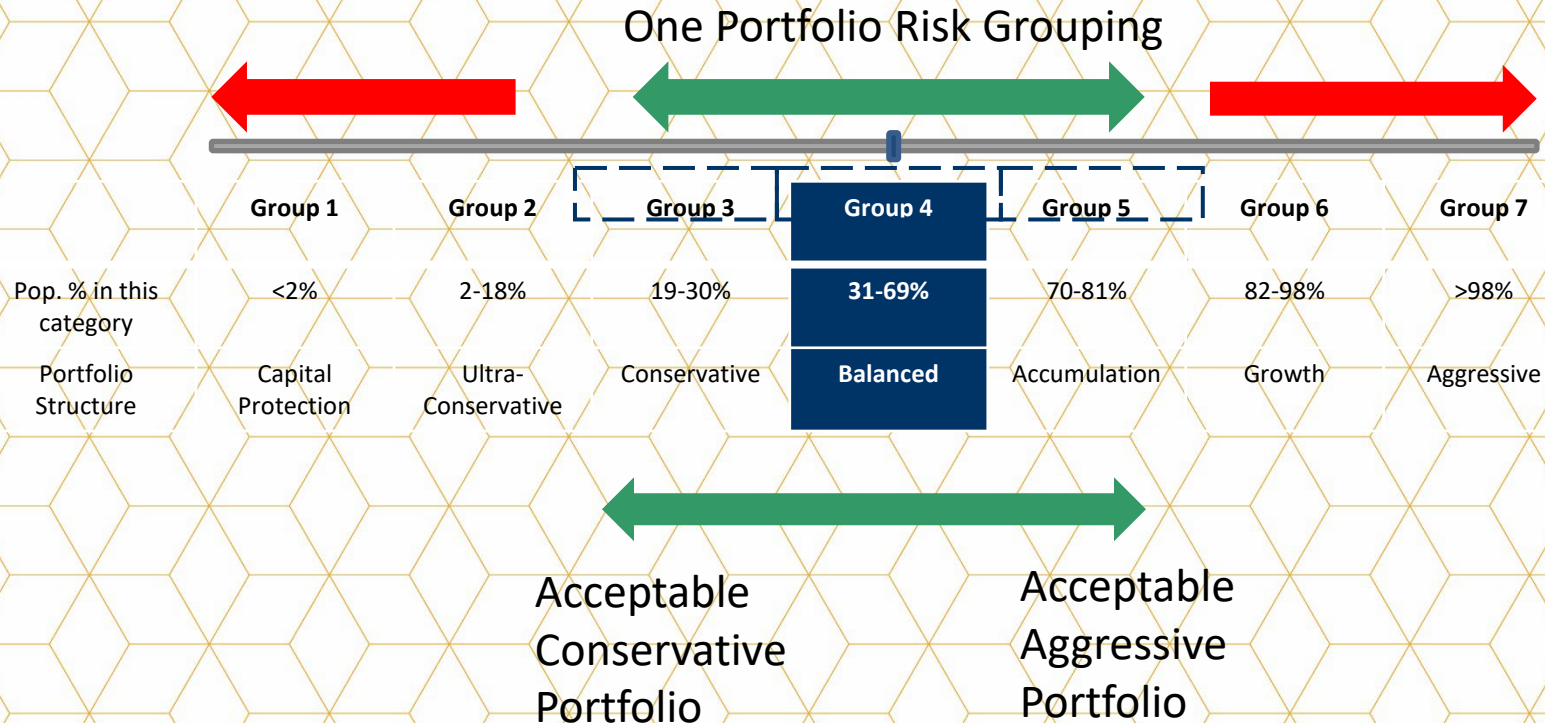
Building a Behavior Centered Portfolio with the Client Mutually Agreeing with the Overall Risk Profile

Approach: 1. Do not set the Risk Profile higher than the Risk Need (to achieve the goals).

2. Build the portfolio within +/- 1 Grouping of the Natural Behavior Portfolio Risk Profile Group as it reflects the long term “go to” default behavior. Subject to:

(i) Review the client’s Risk Need (to achieve goals) and Risk Capacity (financial ability)

(ii) The client’s Learned Risk Behavior Motivations (experiences, education, environment)



Investment Portfolio Risk Reward Analysis

The Risk Need Group Level to Achieve Client's Goals

Portfolio Risk Group	1. Capital Protection	2. Ultra-Conservative	3. Conservative	4. Balanced	5. Accumulation	6. Growth	7. Aggressive
1. Investment Portfolio Rate of Return Aim to Achieve Goals (Without Borrowing)	In Line with Cash Deposits	In Line with or slightly better than cash deposits	Excess of deposits and possibly beats inflation	Average returns higher than deposit rates and inflation	Above average returns and higher than deposits or inflation	Significantly higher than deposits and inflation with high return potential over the long term	The highest return potential over the longer term

Investment Portfolio Risk Reward Analysis

Risk Capacity Group Level Aligned to Financial Ability

Portfolio Risk Group	1. Capital Protection	2. Ultra-Conservative	3. Conservative	4. Balanced	5. Accumulation	6. Growth	7. Aggressive
2. Average Portfolio Fluctuation Based on 5 Year Data of Monthly Pricing	0% to $\pm 0.5\%$	$\pm 0.5\%$ to $\pm 2\%$	$\pm 2\%$ to $\pm 5\%$	$\pm 5\%$ to $\pm 10\%$	$\pm 10\%$ to $\pm 15\%$	$\pm 15\%$ to $\pm 25\%$	$\pm 25\%$ or greater
3. Potential Short Term Portfolio Loss (Based on Outer Limits)	-1%	-4%	-10%	-20%	-30%	-50%	Far greater than -50%
4. Risk of Expected Loss	Very Low Risk	Low Risk	Low to Medium Risk	Medium Risk	Medium to High Risk	High Risk	Very High Risk

Potential Learned Risk Behavior Motivations

Factors Influencing Client's Risk Profile Level

Potential Motivations Influencing Client Investment Decisions	Client Maybe Motivated to Invest Higher Than their Natural Risk Behavior	Client Maybe Motivated to Invest Lower Than their Natural Risk Behavior
1. Market Perception	Bullish	Bearish
2. Goal Setting Attitude	Ambitious	Conservative
3. Financial Decision-Making Confidence	High	Low
4. Age	Retirement in 10+ Years	Close to Retirement
5. Financial Experiences	Good – “Rags to Riches”	Poor – “Riches to Rags”
6. Life Experiences	Positive Feeling	Negative Mood
7. Values and Beliefs	Belief in taking risk builds wealth	Belief that investments are for life security
8. Financial Education	High Investment Knowledge	Low Investment Knowledge

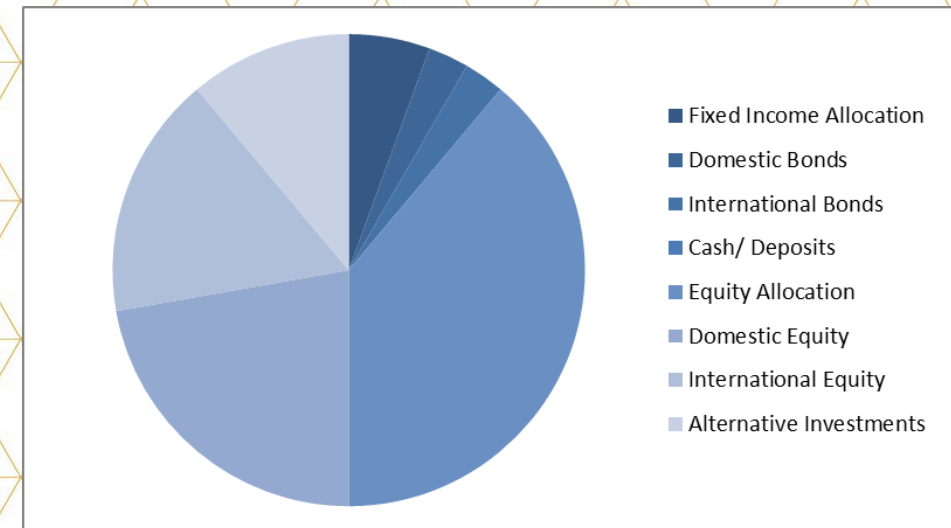
Asset Allocation Determined by Firm Based on Country, Client Goals, Capacity, Risk Profile, Policies

Indicative Standard USA Investment Portfolio Attributes for All Groups (Defined by Firm not DNA Behavior)

Portfolio Risk Group	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
	Capital Protection	Ultra-Conservative	Conservative	Balanced	Accumulation	Growth	Aggressive
Capital Appreciation Portfolio:							
Defensive (Cash and Bonds)	90%	80%	60%	50%	40%	20%	10%
Growth (Equities)	10%	20%	40%	50%	60%	80%	90%
Fixed Income Allocation	90%	80%	60%	50%	40%	20%	10%
Domestic Bonds	45%	40%	25%	20%	15%	10%	5%
International Bonds	0%	10%	10%	10%	10%	5%	5%
Cash/ Deposits	45%	30%	25%	20%	15%	5%	0%
Equity Allocation	10%	20%	40%	50%	60%	80%	90%
Domestic Equity	10%	20%	30%	35%	40%	50%	55%
International Equity	0%	0%	10%	15%	20%	30%	35%
Strategic Portfolio:							
Alternative Investments	0%	0%	0%	0%	5%	15%	25%
Operating Portfolio: (Cash, Short Term Bonds)	100%						
Investment Style: Passive vs Active	100% Passive	100% Passive	100% Passive	100% Passive	75% Passive	65% Passive	50% Passive

Behavioral Investment Portfolio Based on Overall Risk Profile Group 7

Fixed Income Allocation	10%
Domestic Bonds	5%
International Bonds	5%
Cash/ Deposits	0%
Equity Allocation	70%
Domestic Equity	40%
International Equity	30%
Alternative Investments	20%
Total Asset Allocation	100%



The Behavioral Investment Portfolio is an indicative model only, and will be varied by each firm globally based on their markets and investment policies

Biases Uncovered with Financial Personality Discovery

Behavioral Finance

Behavioral Finance is the application of psychology to financial behavior. The premise is investors are not totally rational beings in terms of making perfect financial decisions.



Financial Personality Discovery

A reliable prediction of how irrational financial decisions are made can be obtained through objective financial personality discovery so that investor behavior biases can be rationally understood and then managed as a platform for making aligned decisions.

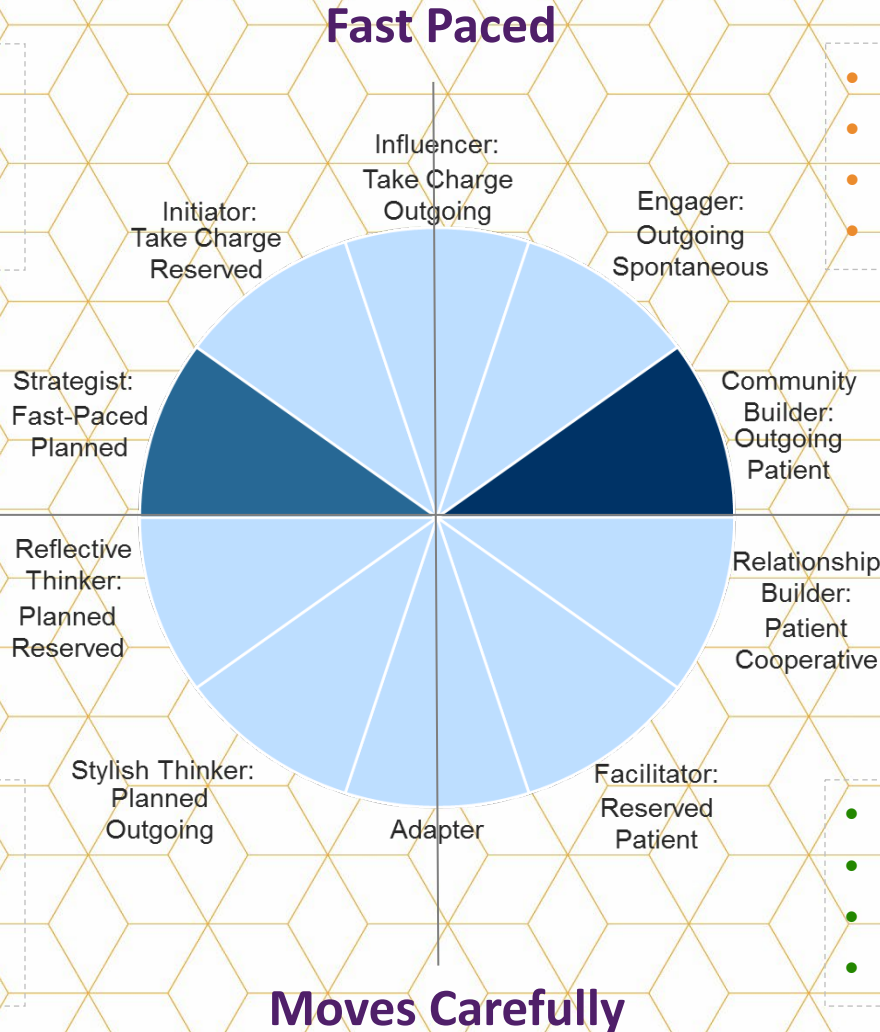
Financial DNA Natural Behavior Unique Style Matrix Including Behavioral Biases and Re-Framing Communications

- Consolidated View
- Over Trading
- Optimism Bias
- Risk Taker

- Spender
- Herd Follower
- Instinctive
- Status Quo

Results
Orientated

Relationship
Orientated



- Saver
- Mental Accounting
- Pattern Bias
- Benchmark Focus

- Risk Aversion
- Loss Aversion
- Fear of Regret
- Disposition Effect

Deployment of the Financial DNA Reports for Initial Financial Planning Discovery

Contextualize Your Report
Review and Design Meeting
Agenda Based on the Clients
Objectives



CDNA Customized Meeting Guide
(1 page) for advisor to engage the client on their terms and ask custom intro questions

FDNA Summary Report
(6 pages) for advisor and client to identify decision-making style, biases and risk

Financial Talent DNA Report (1 page) for pinpointing the client interview to 10 key behavioral insights; or **Comparison Talent DNA Report** for Couples (or Full Report)

DNA Behavioral Management Guide for the advisor to adapt their style in behaviorally managing the client and ask custom behavioral questions

Behavioral IPS Letter to align financial personality to the plan



Additional Wealth Mentoring Discovery:
Learned Behavior
Quality Life

DNA Behavior[®]

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