

## About the Risk Questionnaire

There are several aspects to investment risk, how you feel about risk, how much risk you can afford to or wish to take and the risk of not meeting a particular goal or objective. In order to establish your attitude to risk, we ask you to complete this Risk Profiler Questionnaire. The profiler involves a questionnaire to assess how you feel about risk, together with a description and some numerical information designed to help you judge whether you are comfortable with the potential gains and losses from selecting a particular level of risk.

## The Questions

The questions have been designed by Oxford Risk, who are specialists in psychometric testing and risk profiling. The questions have been designed to elicit an emotional response to risk rather than a pure factual one. None of your responses will have a direct bearing on the particular funds or products that may be recommended to you, but will be used as a basis for discussion and agreement regarding your final risk profile on which recommendations will be based.

## Instructions

1. Complete the questionnaire. It is important that you do so honestly and bearing in mind the questions relate to you generally rather than the particular investment you are considering. Your views about the particular investments you are considering will be taken into account in a later step. If you are in a financially dependent or interdependent relationship, both parties will be required to complete a Questionnaire.
2. Once you have completed the Questionnaire, we will assess this using a scoring system to gain an initial Risk Profile.
3. We will discuss your short and long term goals and objectives, investment experience and existing holdings, with you and consider the Potential Loss and Gain Value at Risk figures relevant to the description suggested by your score. If you regard the losses as unaffordable, returns insufficient or otherwise unacceptable to you, we will hold further discussions and look at alternative levels of risk and Potential Loss and Gain for these levels until you find a level and values that you are comfortable with. All of the potential losses and gains include broad brush charges.
4. Before deciding on a final risk profile, we will consider the term of which you wish to invest, the importance of the investment you are making in your overall financial circumstances and whether you can afford a sustained period of losses.
5. If you or your partner are each completing the questionnaire, you do not need to agree with each other regarding a final risk profile.
6. It may be that you are making multiple investments, possible for different purposes, and if so you may wish to adopt a different risk profile for each investment. If this is the case, we can discuss and determine your specific requirements together to ensure we agree an appropriate level. We will also discuss timescales, liquidity requirements and capacity for loss as part of your objectives.

## Categories of Investment Risk

### No risk

A no-risk investor is looking for an investment where the probability of any fall, and the size of any fall, in the value of their capital over a relatively short period of time is low (in relation to inflation only) or non-existent. The return is likely to be consistent with that available from a high street deposit account. As a result, the no-risk investor runs the risk that inflation may reduce the real value of the investment.

This type of investment is suitable for people who don't want to lose any value from their capital or who will need access to the capital in the short term.

Instant access bank and building society account, Deposit accounts, National Savings and Investments

### Conservative

A conservative investor is looking for an investment where any fluctuation in the value of the investment would be small. A conservative investor is uncomfortable if the investments were to rise and fall in value rapidly. The return should be just slightly better than that available from a high street deposit account. Capital preservation is still a high priority

This type of investment is suitable for those with little or no experience in investing and who can accept a small degree of potential loss in the short term in the hope that the investment will outstrip deposits in the longer term.

Cash deposits, National Savings and Investments, Government securities (gilts), Guaranteed funds

### Cautious

A cautious investor is looking for an investment which is likely to keep pace with, or exceed inflation. The cautious investor is more concerned with capital preservation than he is with growing the portfolio significantly. The return will be better than a deposit rate but may experience a little volatility in the short term. The longer term prognosis is for steady and secure growth.

This type of investment is suitable for inexperienced investors or those looking for steady growth over a longer term without large fluctuations in value in the short term.

Cash deposits, National Savings and Investments, Government securities (gilts), Guaranteed funds, Blue chip corporate bonds, Property, Equities – (no more than 40%) established markets only

### Balanced

A balanced investor is looking for a balance between risk and reward, seeking higher returns than inflation. This investor will appreciate the need to invest in different asset classes and different geographical areas to minimise the effects of risk in any one area.

The returns may fluctuate in the short term but should provide a return to exceed inflation over the medium to longer term.

This type of investment is suitable for experienced investors who appreciate the need to diversify their investments to create a balance between risk and reward. There may be a small degree of capital loss on encashment.

National Savings and Investments, Government securities (gilts), Guaranteed funds, Corporate bonds, Structured products with some capital protection, Property, Equities – (no more than 70%) usually established markets and predominantly domestic

## **Adventurous**

An adventurous investor is willing to accept a higher level of risk in return for higher returns over the longer term. This investor is willing to accept a good amount of fluctuation in the value of their investments. If the value of the investment fell by more than one quarter in a year, the investor would see this as a time to ride out the storm rather than a time to purchase more.

The return is likely to far exceed inflation and deposit accounts but, in return, there may be large swings in the value of the investment in the short term.

This type of investment is suitable for those clients who can afford to leave the money invested for a longer term and who can accept a degree of loss. Over time, the rewards should outstrip any losses, but such returns cannot be guaranteed.

Some corporate bonds, Equities (domestic, and overseas, established and emerging markets), Structured products

## **Speculative**

A speculative investor is willing to accept a very high level of risk in return for higher returns over the longer term. This investor is willing to accept a significant amount of fluctuation in the value of their investments. If the value of the investment fell by more than one quarter in a year, the investor would see this as an opportunity to purchase more because of the cheaper asset values.

The returns from this investment are unpredictable. In the longer term the client may expect a high rate of return but there is likely to be a high degree of volatility and large swings in the value of the investment in the short term.

This type of investment is mainly suitable for experienced investors who do not need access to the capital in the short or medium term. This type of investment is not suitable for those people who may need this money for emergency funds in the future. Such investors can run the risk of losing the full capital value.

Low grade corporate bonds, Investment trusts, Equities (established and emerging markets), Venture capital trusts, Enterprise investment schemes Investments without consumer protection.

## Risk Questionnaire

1. I would be willing to risk a percentage of my income/capital in order to get a good return on an investment.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

2. To achieve high returns, it is necessary to choose high-risk investments.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

3. When I am faced with a financial decision I am generally more concerned about the possible losses than the probable gains.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

4. I would rather know that I was getting a guaranteed rate of return than be uncertain about my investments.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

5. Compared to the average person, I take lower financial risks.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

6. I would rather put my money in a bank account than invest in shares.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

7. I do not feel comfortable with financial uncertainty.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

8. I would accept potential losses in order to pursue long term investment growth.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

9. Taking financial risks is important to me.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

10. I would be happy investing a large proportion of my income/capital in a high-risk investment.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree or Disagree
- ☐ Agree
- ☐ Strongly Agree

### **Investment Timeframe**

When do you intend to use the invested money?

- ☐ Short term (0-5 years)
- ☐ Medium term (5-10 years)
- ☐ Long term (10+ years)
- ☐ No fixed term

### **Your Capacity for Loss**

How much of this investment could you stand to lose without having a significant impact on your future standard of living?

- ☐ None or very limited losses
- ☐ Small/medium losses could be tolerated
- ☐ Large losses would have a low impact on future lifestyle

### **Investment Liquidity**

If you needed sudden access to a lump sum, how likely is it that you would need to encash this investment?

- ☐ I have other savings and investments which I can use for most needs
- ☐ I may need this investment if I needed access to a significant amount of money quickly
- ☐ I would almost certainly need access to this investment

### **Your overall attitude to risk**

Based on the information above please indicate your overall attitude to risk:

- ☐ No risk
- ☐ Conservative
- ☐ Cautious
- ☐ Balanced
- ☐ Adventurous
- ☐ Speculative

## Your attitude to risk for this Investment

Now, please specify the risk you wish to take for this anticipated investment:

- ☐ No risk
- ☐ Conservative
- ☐ Cautious
- ☐ Balanced
- ☐ Adventurous
- ☐ Speculative

## Notes

Client Name (s)

Adviser

Client signature (s)

Signature

Signed for and on behalf of the firm

Date

Date of issue