

Risk Assessment Questionnaire

Client Name:



The Adventurous Investor

The adventurous investor aims to achieve the highest possible returns over the long term. They are not concerned about possible short-term losses.

The Moderately Adventurous Investor

The moderately adventurous investor's main aim is to increase the value of their investment. They are willing to accept a higher risk of losing their money in order to achieve this.

The Moderate Investor

The moderate investor believes that the safety of their investment and investment returns are equally important.

The Moderately Cautious Investor

As a moderately cautious investor, you are uncomfortable taking risks with your investment but are willing to do so to help you achieve higher returns than could be achieved in more secure investments such as a bank or building society account.

The Cautious Investor

As a cautious investor you are willing to accept a lower return to help achieve your goal of keeping your investment safe.

Investment Goals

1 - What is your main investment goal?

- A. Income
- B. Growth

Please include any details about your investment goals you may want to state to your adviser:

2 - Investing comes with the possibility of losing some of the money you have invested. In an effort to achieve a higher return than an investment such as a bank account, do you accept a degree of risk with your money?

- A. Yes, I understand that investments can rise and fall in value and that I could lose some of my money.
- B. No, I am not willing to see my money fall in value or lose any part of my investment.

How losing money would affect you:

3 - What impact would it have on your standard of living if you were to lose money on this investment?

- A. It wouldn't have an impact on my standard of living and I wouldn't need to use any additional resources (for example, savings) as a result.
- B. I have other resources I could fall back on.
- C. It would have an impact on my immediate standard of living.

Time Frame:

4 - When do you want to start spending the money you will save in this account?

- A. Immediately or within the next 3 years.
- B. Within 3 to 4 years.
- C. Within 5 to 6 years.
- D. Within 7 to 10 years.
- E. Not within the next 10 years.

5 - Once you start spending your money, how long do you expect to continue to withdraw funds from your investment portfolio?

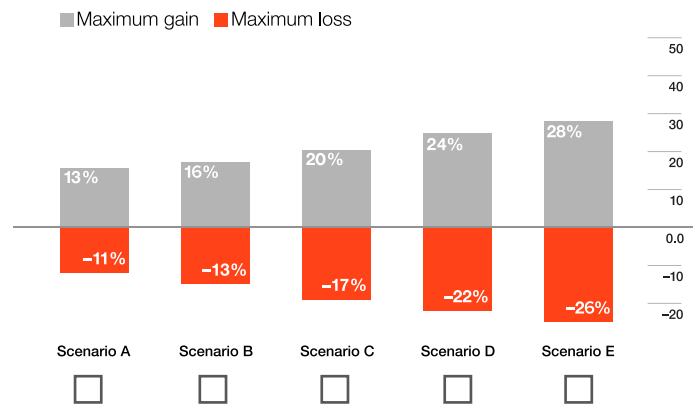
- A. I plan to withdraw all of my money at once.
- B. I will make withdrawals over 2 to 5 years.
- C. I will make withdrawals over 6 to 10 years.
- D. I will make withdrawals over 10 years or more.
- E. I don't intend to withdraw the money.

6 - Once you start to spend the money in your investment portfolio, how much do you plan to withdraw?

- A. I do not intend to take withdrawals.
- B. I plan to withdraw between 0% and 4% of the value of my investments each year.
- C. I plan to withdraw between 4% and 8% of the value of my investments each year.
- D. I plan to withdraw more than half of the value of my investments within 3 to 10 years.
- E. I plan to withdraw all my investments at once.

Your Attitude to Risk

7 - Some investments offer the opportunity for a greater gain but with the risk of a greater potential loss. Look at the five scenarios represented in the chart below. Which one would you put your money in?



8 - Imagine you have invested £100,000. Which of the five scenarios below would you want for your investment portfolio?

		Best-case increase (£)	Most Likely result £	Worst-case losses (£)
<input type="checkbox"/>	A	£13,000	£3,000	-£11,000
<input type="checkbox"/>	B	£15,500	£4,000	-£12,500
<input type="checkbox"/>	C	£20,000	£5,000	-£16,500
<input type="checkbox"/>	D	£24,500	£6,000	-£21,500
<input type="checkbox"/>	E	£28,000	£6,500	-£25,500

9 - Investing involves a trade-off between risk and returns. In the past, investments with higher returns have been associated with greater risk and chance of loss. Whereas cautious investments that have had a lower chance of loss also have achieved lower returns. Which of the following statements best describes your attitude to risk?

- A. I am most concerned with risk. I am willing to accept lower returns in order to limit the risk of loss.
- B. I am willing to accept some risk and chance of loss in an effort to achieve modest but somewhat higher returns.
- C. I am willing to accept moderate risk in order to achieve higher returns. Reducing risk and increasing returns are equally important to me.
- D. I want to achieve strong returns on my investments. I am willing to accept somewhat higher risk and chance of loss.
- E. I am mainly concerned with getting the highest possible returns on my investments. I am willing to accept significant rises and falls in the value of my investments and a significant chance of loss

10 - Imagine your adviser has invested £100,000 of your money and it's fallen in value to £80,000. Assuming that this happens at an early stage of your intended investment period, how would you react to this £20,000 loss?

- A. I would not change my investment plan.
- B. I would wait at least one year before changing to investment options that are more stable.
- C. I would wait at least six months before changing to investment options that are more stable.
- D. I would immediately change to investment options that are more stable.

11. The value of investments varies from year to year. Suppose you invested £100,000. How much money would you need to lose before you wanted to move your money into a more stable investment?

- A. £5,000 or less.
- B. £10,000
- C. £15,000
- D. £20,000
- E. It is unlikely I will move my money even if my investment falls in value.

12. How does your concern about losing money manifest itself in relation to your investment?

- A. I would sell my investments.
- B. I would be worried but not uncomfortable enough to sell my investments immediately. If my investments suffered losses over several months, I would probably sell.
- C. I would wait a full year before making changes to my investments—short-term losses in the value of my investments do not bother me.
- D. I would not make changes—I understand that investments can have occasional negative yearly returns. However, I have a higher chance of reaching my investment goals if I stick with my investment over the long term.

13. Which of the following best describes your view on investing?

- A. My investments don't have to grow, I just want my money to be safe.
- B. I can accept lower growth for greater certainty.
- C. I am more concerned about the possible losses than the possible gains.
- D. I can accept possible losses for long-term investment growth.
- E. To achieve high levels of growth, it is necessary to take risk.

Risk scoring

To calculate the risk score of the investor their investment Attitude to Risk and Time Frame scores will need to be factored together.

Questions 1 & 2 are not scored. These are intended to allow advisers to record this information within a single document and place the results in context. Furthermore, if the response to Question 2 indicates that the investor cannot tolerate a fall in the value of their money and therefore has no capacity for loss, the RTO result will be that there is no suitable investment solution - the tables below provides the scoring for each answer.

Time Frame Score:

Question	A	B	C	D	E	Score
4	0	6	10	15	20	
5	0	2	5	7	10	
6	10	7	5	2	0	
TOTAL						

Attitude to Risk Score:

Question	A	B	C	D	E	Score
7	0	4	7	10	14	
8	0	4	7	10	14	
9	0	4	7	10	14	
10	15	10	5	0	-	
11	0	4	7	10	14	
12	0	5	10	15	-	
13	0	4	7	10	14	
TOTAL						

An investor with a time horizon score of less than 2 years may not be able to bear the risk associated with any of the investment options. The adviser may recommend a zero risk investment to the investor.

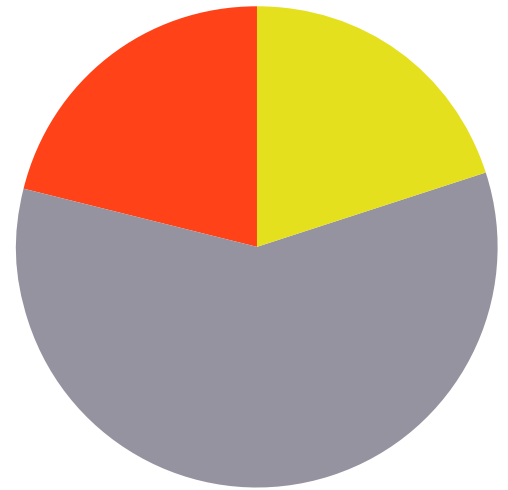
Time Frame Scores:

Attitude to Risk Score	0-5	6-9	10-14	15-19	20-40
0-15	Not Suitable	Cautious	Cautious	Cautious	Cautious
16-35	Not Suitable	Cautious	Moderately Cautious	Moderately Cautious	Moderately Cautious
36-55	Not Suitable	Cautious	Moderate	Moderate	Moderate
56-85	Not Suitable	Cautious	Moderate	Moderately Adventurous	Moderately Adventurous
86-100	Not Suitable	Cautious	Moderate	Moderately Adventurous	Adventurous

Final Attitude to Risk

The Cautious Investor

- As a cautious investor you are very worried about short-term losses.
- As a cautious investor you are willing to accept a lower return to help achieve your goal of keeping your investment safe.
- As a cautious investor you accept that to achieve a return higher than a very secure investment such as a bank account, your money will be invested in assets that can rise and fall in value and so your money is at risk and you could lose some of it.



Bonds

59

Cash

21

Equities

20



Bonds

44

Cash

16

Equities

40

The Moderately Cautious Investor

- A moderately cautious investor is worried about short-term losses.
- As a moderately cautious investor, you are uncomfortable taking risks with your investment but are willing to do so to help you achieve higher returns than could be achieved in more secure investments such as a bank or building society account.
- As a moderately cautious investor, you are willing to accept lower returns to reduce risk to the value of your investment and can accept that your money will be invested in assets that can rise and fall in value and so your money is at risk and you could lose some of it.

The Moderate Investor

- The moderate investor is concerned by short-term losses but understands that some risk is needed in order to have the opportunity to achieve better returns.
- The moderate investor believes that the safety of their investment and investment returns are equally important.
- The moderate investor is able to leave their money invested despite a fall in the value of their investment in order to try to recover their losses.



Bonds

30

Cash

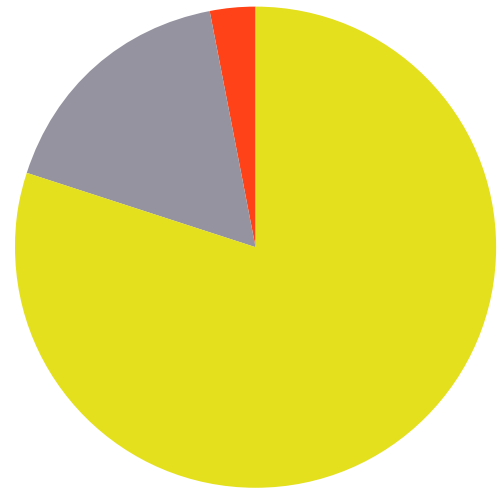
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Equities

60

The Moderately Adventurous Investor

- The moderately adventurous investor's main aim is to increase the value of their investment. They are willing to accept a higher risk of losing their money in order to achieve this.
- A moderately adventurous investor is willing to leave their money invested despite a large fall in the value of their investment in order to recover their losses and to achieve their long-term investment aims.



Bonds

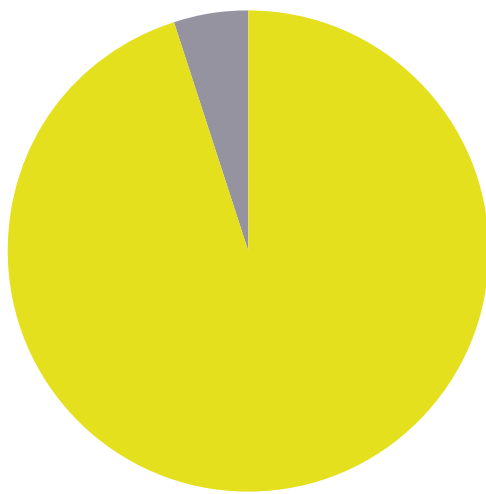
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Cash

03

Equities

80



The Adventurous Investor

- The adventurous investor aims to achieve the highest possible returns over the long term. They are not concerned about possible short-term losses.
- An adventurous investor is most concerned with high returns and can accept both large and frequent losses to the value of their investment over time in exchange for the opportunity of a higher return over the long term.

Bonds

05

Equities

95

Notes

Client Signature(s):

Date of Signature:

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