

RISK TOLERANCE QUESTIONNAIRE - UK (Including Northern Ireland, the Isle of Man and the Channel Islands), Western Europe (Including Switzerland), U.A.E. and Australasia

To be completed by the client

Before receiving advice on your investment strategy and suitable products, it is important to understand what levels of risk you will be comfortable with. Your Risk Tolerance will reveal how you are likely to feel about uncertainty and risk when investing and is independent of your wealth, income and financial objectives. Your Risk Tolerance is also unlikely to change very much over time so it might not be necessary to ask these questions each time you seek advice.

ANSWERING THE QUESTIONNAIRE

The questions are scientifically derived to give a fair and representative measure and to place you in one of five Risk Tolerance categories. You should answer each question thoughtfully and honestly – there are no right or wrong answers. If a question seems open to interpretation: just give the response that feels most intuitive to you.

Once you have completed the questions your adviser will explain your Risk Tolerance and its implications for your investment choices and ask you to confirm that the category you've been placed in is reasonable to you.

Your adviser may also evaluate your level of Knowledge and Experience (K&E) of financial investments. Whilst your overall Risk Tolerance will not be affected by your knowledge and previous experience with financial investments, the K&E may provide your adviser with further insight into what guidance is suitable for you.

CLIENT NAME

DATE

ADVISER/FIRM

REFERENCE

On a scale of 1 to 5, where 1 is 'Strongly disagree' and 5 is "Strongly agree", indicate your feelings about the following statements.

Strongly disagree



Strongly agree

1 2 3 4 5

1.	I would probably invest a very significant amount in a high-risk investment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	I would be happy putting my money into the stock market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	I would worry a great deal if I thought I would lose money in an investment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	I would consider investing in a risky investment for the excitement of seeing whether it goes up or down in value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	I would worry about losing money on the stock market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Risks are necessary to make money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	The level of risk doesn't matter; it is more important to have the opportunity of achieving higher returns with my money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	I would be anxious if I saw my investments had gone down in value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	I would be happy to accept large short term falls in the value of my investments to maximise my potential longer-term returns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	I worry about the instability of the stock market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	I believe that I generally take bigger investment risks with my money than other people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	I would be happy to risk losses to get potentially greater long-term gains.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	I would get a thrill from making risky investments with my money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	If there's a chance of making better long-term returns, I'm prepared to take an investment risk.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	I would rather have a predictable investment outcome than one which is potentially higher, but unpredictable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	I expect high investment growth and I am willing to accept the consequent possibility of large losses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.	The idea that the value of my investments can be variable makes me feel anxious.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	In my view, you need to take risks to make money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

YOUR RISK TOLERANCE CATEGORY

The responses you have given place you in Risk Tolerance category:



Category	Description
1	The Extremely Risk Averse Investor - For this investor capital preservation is essential, they are expecting returns in line with High Street savings accounts. Their time horizon is likely to be short (less than two years) and they may have little or no experience of financial markets. In addition, they may be financially unaware and have low levels of savings, with no desire for equity exposure and a preference for cash. In terms of attitude to risk, this investor is completely risk averse, has no tolerance for loss, with a short term view and is likely to panic if they see short term volatility. They have no capacity for risk, possibly no savings cushion and a low or decreasing income.
2	The Risk Averse Investor - For this investor capital preservation is all important and they are willing to accept returns in line with High Street savings accounts. They are likely to have a very short time horizon, requiring access to their savings within the next three years. In addition, they may have little or no experience of investing, not be financial aware and have low levels of savings. They are likely to be extremely tentative regarding equity investment and prefer to hold cash. In terms of attitude to risk, this investor is completely risk averse, is not prepared to take any equity risk and considers capital preservation to be paramount. They are likely to have a short term view and might panic if they see short term volatility. They have a very small capacity for risk, with no savings cushion and possibly low or decreasing income.
3	The Defensive Investor - Capital preservation is important for this investor and they are willing to accept returns in-line with the returns on High Street savings accounts. They have a relatively short time horizon, with access to savings needed within the next five years. This investor is likely to have little or no experience of investments and be financially unaware, with potentially low levels of savings. They would be a reluctant equity investor and would prefer to stay in cash or cash equivalents. In terms of attitude to risk, this investor is risk averse and may be nervous at the thought of losing money. They have a generally short term view and may panic at short term volatility. They have a very low capacity to take on risk, with little or no savings cushion and possibly a low or decreasing income.
4	The Defensively Cautious Investor - This investor is looking for returns in excess of cash, but within a conservative mandate. They wish their investment manager to emphasise risk management over return and may possibly be seeking income. They are likely to have a short term time horizon, with access to savings required in around five years. This investor may well have limited experience of financial markets and be wary and selective in their investments. They understand the need to invest, in order to receive returns higher than those available on cash deposits and could possibly be wealthy with no need to speculate to accumulate further wealth. In terms of attitude to risk, they are will to accept low levels of short-term volatility and are conscious of the impact of losing money, with a low tolerance for capital loss. They are likely to react badly to any short term volatility and may be wary of international investment. In general they have a low capacity for risk and may have a low, fluctuating or falling income.
5	The Cautious Investor - This investor is seeking low risk growth, with higher returns than a defensively cautious investor. They are looking for conservative, steady returns and may target growth over income. They have a medium term time horizon, with access to savings required in 7-10 years. They are likely to be more experienced than a defensively cautious investor. In terms of attitude to risk, they are willing to accept some short-term volatility, but are aware of the likelihood of short term falls and therefore less prone to react negatively when they occur. They are also aware of the need to access more risky assets in pursuit of growth and would be prepared to consider international investments. They have a satisfactory savings cushion and a longer term time horizon, so a higher capacity for risk than a defensively cautious investor.
6	The Cautiously Balanced Investor - This investor has a capital growth objective, with a greater emphasis on reward than risk. They have a medium to long term time horizon, with access to savings not required for at least ten years. They are likely to have some experience of investments, as they may hold some investments already and are likely to be more financially aware. In terms of attitude to risk, this investor is aware that there is a potential for short term losses, but these can be recovered over the longer term. They may be prepared to expose a small portion of their savings to more speculative investments and are comfortable with investing internationally. Their capacity for risk is greater than more cautious investors, as they have a longer term time horizon and sufficient savings cushion.

- 7 **The Balanced Investor** - This investor is driven by the desire for capital growth and has quite high growth expectations. They are willing to pursue growth, with an emphasis on gains, rather than losses. They are not interested in small, steady incremental returns. They are likely to have a longer term time horizon, in excess of ten years and may consider extending this if required. They are likely to be experienced and confident investors, regularly keeping up to date with financial matters and global markets. They will seek exposure to overseas markets and are likely to hold investments already. In terms of attitude to risk, they are likely to be less sensitive to risk, than more cautious investors. They are aware and comfortable with the idea of taking risks for greater potential gains. They are unlikely to react negatively to short term losses. They have a greater capacity for risk than more cautious investors and sufficient savings cushion. They may have increasing income expectations.
- 8 **The Growth Seeker** - This investor is driven by the desire for high levels of capital growth and is seeking to aggressively accumulate their wealth through investments. They are prepared to lock their savings away for at least ten years and would be prepared to embrace and even extend this time horizon, if it enhanced the opportunity for higher returns. They are experienced and confident investors, who are likely to keep up to date with financial matters and global markets. They will be interested in overseas markets and have an established and diversified savings strategy in place. In terms of attitude to risk, they are more likely to take risks than more cautious investors and are comfortable with a high risk/high return strategy. They are willing to consider short term losses as buying opportunities and would actively consider more speculative asset classes. They are likely to embrace international market exposure. This investor has a high capacity for risk, with a more than sufficient savings cushion. They may have increasing income expectations and are building on an established savings portfolio.
- 9 **The Wealth Accumulator** - This investor is looking for 'high octane' wealth accumulation. They are driven by the desire for very high levels of capital growth and have high expectations for returns. They are comfortable with a longer term time horizon and are prepared to lock their investments away for at least ten years. They would be prepared to extend their time horizon if it enhanced the opportunity for greater returns. This investor is likely to be experienced and confident and stays up to date with financial matters and global markets. They are interested in investing overseas and are likely to have an established and diversified savings strategy in place. They would actively seek out high risk speculative investment vehicles. In terms of attitude to risk, they are highly likely to be speculating with only a portion of their savings and will have a target return in mind, with little concern for short-term volatility. They are likely to be a high risk taker with this portion of their savings, which could be part of a much larger portfolio. They have experienced short term fluctuations in the past and are used to riding these out, staying invested for longer term gains.
- 10 **The Speculating Accumulator** - This investor is looking for 'high octane' wealth accumulation. They have very high growth expectations and are driven by a desire for high investment returns. They are comfortable with a longer term time horizon and are prepared to lock away their investments for at least ten years. They would be more than willing to extend this time horizon in the pursuit of higher returns. They are likely to be experienced and extremely confident in their ability to achieve the highest returns possible. They will constantly keep updated with financial matters and global markets and will actively seek overseas investments and high risk speculative investment vehicles. They are likely to have an established and diversified savings plan in place. In terms of attitude to risk, they are likely to have a specific target return in mind and are therefore unconcerned about short term volatility. It is possible that they are speculating with only a portion of their savings. They will have the highest capacity for risk and if they are investing a portion of their overall wealth speculatively, will be happy to ride out short term fluctuations.

I confirm my Risk Tolerance category is a fair measure of my comfort with risk:

CUSTOMER NAME

CUSTOMER SIGNATURE

DATE

YOUR KNOWLEDGE & EXPERIENCE QUESTIONNAIRE

Your adviser may also evaluate your level of Knowledge and Experience (K&E) of financial investments. Whilst your overall Risk Tolerance will not be affected by your knowledge and previous experience with financial investments, the K&E may provide your adviser with further insight into what guidance is suitable for you.

Question 1 - Tick the box for each of the following investment types you understand sufficiently to explain to a friend.

	Tick	Score
1. Cash Deposits or Government Bonds	<input type="checkbox"/>	(1)
2. Investment grade corporate bonds or "High Yield" corporate bonds	<input type="checkbox"/>	(2)
3. UK or Overseas shares in developed markets	<input type="checkbox"/>	(3)
4. Emerging market shares or smaller company shares	<input type="checkbox"/>	(4)
5. Absolute-return style investments or hedge funds	<input type="checkbox"/>	(5)
6. Unregulated investments, Venture Capital Trusts or EIS schemes	<input type="checkbox"/>	(6)
7. Speculative options, Futures or "Spread betting" accounts	<input type="checkbox"/>	(7)
8. I don't think I could explain any of them	<input type="checkbox"/>	(0)

Question 2 - Tick the boxes indicating which of the following investment products have you held at any time previously?

	Tick	Score
1. Cash Deposits or Government Bonds	<input type="checkbox"/>	(1)
2. Investment grade corporate bonds or "High Yield" corporate bonds	<input type="checkbox"/>	(2)
3. UK or Overseas shares in developed markets	<input type="checkbox"/>	(3)
4. Emerging market shares or smaller company shares	<input type="checkbox"/>	(4)
5. Absolute-return style investments or hedge funds	<input type="checkbox"/>	(5)
6. Unregulated investments, Venture Capital Trusts or EIS schemes	<input type="checkbox"/>	(6)
7. Speculative options, Futures or "Spread betting" accounts	<input type="checkbox"/>	(7)
8. None of the above	<input type="checkbox"/>	(0)

Question 3 - Tick the boxes indicating which of the following investment products you currently hold?

	Tick	Score
1. Cash Deposits or Government Bonds	<input type="checkbox"/>	(1)
2. Investment grade corporate bonds or "High Yield" corporate bonds	<input type="checkbox"/>	(2)
3. UK or Overseas shares in developed markets	<input type="checkbox"/>	(3)
4. Emerging market shares or smaller company shares	<input type="checkbox"/>	(4)
5. Absolute-return style investments or hedge funds	<input type="checkbox"/>	(5)
6. Unregulated investments, Venture Capital Trusts or EIS schemes	<input type="checkbox"/>	(6)
7. Speculative options, Futures or "Spread betting" accounts	<input type="checkbox"/>	(7)
8. None of the above	<input type="checkbox"/>	(0)

The total of your scores above places you in the following Knowledge & Experience category.

Score	Description
0	No Previous K&E - As a relatively inexperienced investor, potentially investing for the first time, please be mindful of the need to understand and explore to your satisfaction the investment choices presented to you by your Financial Adviser.
1-8	Low K&E - As a relatively inexperienced investor, please be mindful of the need to understand and explore to your satisfaction the investment choices presented to you by your Financial Adviser.
9-16	Medium K&E - As a moderately experienced investor, please be mindful of the need to understand and explore to your satisfaction the investment choices presented to you by your Financial Adviser. Understanding the risk reward dynamics of your investments is a key part of maintaining reasonable expectations from your investments.
17-21	High K&E - As an experienced investor, please be mindful of the need to understand and explore to your satisfaction the investment choices presented to you by your Financial Adviser. Understanding the risk reward dynamics of your investments is a key part of maintaining reasonable expectations from your investments. Discussing prior experiences with your adviser may help them better understand your requirements and preferences when investing.