

# Risk Tolerance Questionnaire

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This risk tolerance questionnaire helps your adviser decide on the best mix of investments for you.

Your name

**Quick tip:** Think about what you are saving for. Do you expect your savings to grow for a future payout, for example, retirement, a child's education, or to increase your money or leave an inheritance? Or will you use these savings to add to your income immediately?

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.

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**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?

**Quick tip:** Losing money here refers to the value of your investment portfolio falling below the amount you originally invested because of a drop in the market. For example, if you gave your adviser £50,000 to invest and later the value of your investments fell to £47,500.

- 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 three years
- B. Within three to four years
- C. Within five to six years
- D. Within seven 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?

**Quick tip:** Do you want to spend all your money at once, for example to buy a house? Or do you plan to make the money last over a longer period, for example by paying yourself a yearly income once you retire?

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

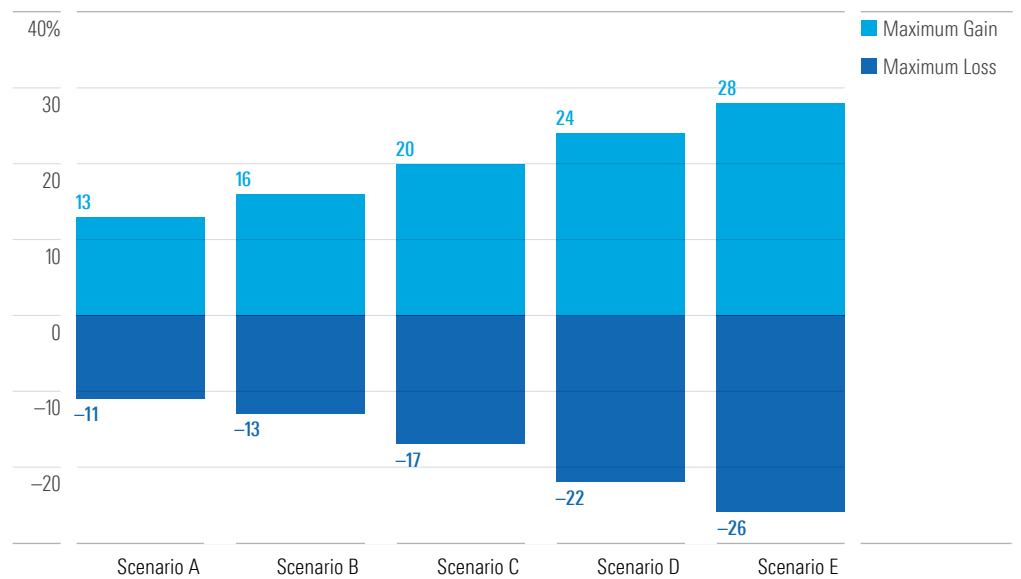
**Quick tip:** If your investments are worth £100,000 and you want to withdraw a yearly income of 4%, you will need to take out £4,000 each year.)

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 three to 10 years.
- E. I plan to withdraw all of 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 (£)	Expected Result (£)	Worst-Case (£)
Scenario 1	13,000	3,000	-11,000
Scenario 2	15,500	4,000	-12,500
Scenario 3	20,000	5,000	-16,500
Scenario 4	24,500	6,000	-21,500
Scenario 5	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.

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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.

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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.

**Client Signature**

**Choose One:** Electronic or Print

Signature

Date



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# Capacity for Loss Assessment & Ethical Requirements

- 1) How long do you intend to hold this investment before you use it?
  - a) Within the first 5 years
  - b) Between 5 and 10 years
  - c) Over 10 years
  - d) I do not have a fixed term
- 2) How much would your standard of living be affected if this investment, or the income from it, were to perform below your expectations?
  - a) It would have a significant impact. I cannot afford for this investment to not meet my goals.
  - b) It would cause me to re-assess my standard of living and make some cut-backs
  - c) Not much as I have alternative investments to maintain my lifestyle
- 3) If you needed emergency funds, would you consider taking them from this investment?
  - a) I have no other alternative. I would most certainly need to access this investment
  - b) I would consider taking funds from this investment if necessary
  - c) No. I have other savings that I can use for emergencies.

## Results

Your capacity for loss is **low**

### What does this mean?

You cannot afford for the investment to not meet your objectives as failure to do so could have significant consequences on your standard of living. This may be further compromised as there is higher possibility that you will need access to the money within your investment time-line.

Your capacity for loss is **medium**

### What does this mean?

You may be able to afford slight under-performance of the investment but it will cause you to adapt your standard of living.

Your capacity for loss is **high**

### What does this mean?

You can afford to take the risks associated with your chosen attitude and can withstand any under-performance.

## Ethical Investments

Our investment portfolios can be constructed including some funds which are categorised as ethical or sustainable funds. Would you like to take a more ethical and sustainable approach with your investments (using our Ethical & Sustainable Blended Portfolio)?

Yes

No

Signed: \_\_\_\_\_

Print: \_\_\_\_\_

Date: ...../...../.....

Q1 How long do you intend to hold this investment before you use it?	Within the first 5 years	Q2 How much would your standard of living be affected if this investment were to perform below your expectations?	Significant	Q3 If you needed emergency funds, would you consider taking them from this investment	No alternative	Low
					Consider if necessary	Low
					No I have other savings	Medium
			Make Some Cutbacks		No alternative	Low
					Consider if necessary	Medium
					No I have other savings	Medium
	Not much, alternative investments				No alternative	Medium
					Consider if necessary	Medium
					No I have other savings	High
			Significant		No alternative	Low
					Consider if necessary	Medium
					No I have other savings	Medium
	Make Some Cutbacks				No alternative	Low
					Consider if necessary	Medium
					No I have other savings	Medium
			Not much, alternative investments		No alternative	Medium
					Consider if necessary	Medium
					No I have other savings	High
	Significant				No alternative	Low
					Consider if necessary	Medium
					No I have other savings	Medium
			Make Some Cutbacks		No alternative	Low
					Consider if necessary	Medium
					No I have other savings	Medium
Not much, alternative investments	No alternative	Medium				
	Consider if necessary	Medium				
	No I have other savings	High				
	Significant	No alternative	Low			
		Consider if necessary	Medium			
		No I have other savings	Medium			
Make Some Cutbacks		No alternative	Medium			
		Consider if necessary	Medium			
		No I have other savings	High			
	Not much, alternative investments	No alternative	Medium			
		Consider if necessary	High			
		No I have other savings	High			
Significant		No alternative	Medium			
		Consider if necessary	Medium			
		No I have other savings	High			
	Make Some Cutbacks	No alternative	Medium			
		Consider if necessary	High			
		No I have other savings	High			
Not much, alternative investments		No alternative	Medium			
		Consider if necessary	High			
		No I have other savings	High			