

Risk profiling questionnaire: assessing attitude to risk

Introduction

There are several aspects to investment risk including how investors feel about risk, how much risk investors can afford to or wish to take and the risk of not meeting a particular goal or objective. Understanding an investor's attitude to risk will allow the adviser's recommendations to be tailored to better meet their needs.

In order to establish an investor's attitude to risk, please complete this questionnaire

About the questions

The questions are designed to measure risk attitude and risk personality. They are based upon the social science of psychometrics and have been created by Distribution Technology (in association with Oxford Risk, an industry leading psychometric profiling company).

The attitudinal answers can be used as the basis for discussion and agreement regarding an investor's final risk profile. Subsequent recommendations will take the investor's answers into account but will not have a direct bearing on any particular products or funds that may be recommended as a result.

Instructions

- Record the answers to all questions. It is important that this is done honestly – there is no right or wrong answer. Please bear in mind that the questions relate to the individual generally, rather than any particular investment that is being considered.
- The answers to the questionnaire can be used by the adviser to determine an individual's risk level, based on the scoring from the questionnaire and a discussion with the investor about their attitude to risk, ability to take risk and risk personality.

Please note:

The final selected risk profile will be an important factor in which products and funds are recommended (if any). Consideration should be given to the term over which to invest, the importance of the investment with regard to the individual's overall financial circumstances, and whether they can afford sustained periods of loss. If they are in any doubt about their risk profile or feel that they have not understood any aspect of this process, they should discuss the matter with the adviser before confirming their risk level.

How do you feel about risk?

Client's Name

| Please tick the most appropriate answer | Strongly Disagree | Disagree | Neither Agree or Disagree | Agree | Strongly Agree |
|---|-------------------|----------|---------------------------|-------|----------------|
| 1. I would be willing to risk a percentage of my income / capital in order to get a good return on an investment | ① | ② | ③ | ④ | ⑤ |
| 2. To achieve high returns, it is necessary to choose high-risk investments | ① | ② | ③ | ④ | ⑤ |
| 3. When I'm faced with a financial decision I am generally more concerned about the possible losses than the probable gains | ⑤ | ④ | ③ | ② | ① |
| 4. I would rather know that I was getting a guaranteed rate of return than be uncertain about my investments | ⑤ | ④ | ③ | ② | ① |
| 5. Compared to the average person, I take lower financial risks | ⑤ | ④ | ③ | ② | ① |
| 6. I would rather put my money in a bank account than invest in shares | ⑤ | ④ | ③ | ② | ① |
| 7. I do not feel comfortable with financial uncertainty | ⑤ | ④ | ③ | ② | ① |
| 8. I would accept potential losses in order to pursue long-term investment growth | ① | ② | ③ | ④ | ⑤ |

Client's Name**Please tick the most
appropriate answer****Strongly
Disagree****Disagree****Neither
Agree or
Disagree****Agree****Strongly
Agree**9. Taking financial risks is
important to me

①

②

③

④

⑤

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

①

②

③

④

⑤

Total Score

How does your partner feel about risk?

Partner's Name

| Please tick the most appropriate answer | Strongly Disagree | Disagree | Neither Agree or Disagree | Agree | Strongly Agree |
|---|-------------------|----------|---------------------------|-------|----------------|
| 1. I would be willing to risk a percentage of my income / capital in order to get a good return on an investment | ① | ② | ③ | ④ | ⑤ |
| 2. To achieve high returns, it is necessary to choose high-risk investments | ① | ② | ③ | ④ | ⑤ |
| 3. When I'm faced with a financial decision I am generally more concerned about the possible losses than the probable gains | ⑤ | ④ | ③ | ② | ① |
| 4. I would rather know that I was getting a guaranteed rate of return than be uncertain about my investments | ⑤ | ④ | ③ | ② | ① |
| 5. Compared to the average person, I take lower financial risks | ⑤ | ④ | ③ | ② | ① |
| 6. I would rather put my money in a bank account than invest in shares | ⑤ | ④ | ③ | ② | ① |
| 7. I do not feel comfortable with financial uncertainty | ⑤ | ④ | ③ | ② | ① |
| 8. I would accept potential losses in order to pursue long-term investment growth | ① | ② | ③ | ④ | ⑤ |

Partner's Name**Please tick the most
appropriate answer****Strongly
Disagree****Disagree****Neither
Agree or
Disagree****Agree****Strongly
Agree**9. Taking financial risks is
important to me

①

②

③

④

⑤

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

①

②

③

④

⑤

Total Score

Risk level mapping

Your total score from answering the 10 questions will identify the risk level with which you most closely associate.

| Score | Risk level |
|---------|------------|
| 10 – 13 | 1 |
| 14 – 17 | 2 |
| 18 – 21 | 3 |
| 22 – 25 | 4 |
| 26 – 29 | 5 |
| 30 – 33 | 6 |
| 34 – 37 | 7 |
| 38 – 41 | 8 |
| 42 – 45 | 9 |
| 46 – 50 | 10 |

What is your capacity for risk?

The following questions are not part of the psychometric attitude assessment and have no direct impact on the questionnaire results or selected risk level.

However, the answers will help the investor and adviser identify areas that should also be considered when assessing suitability and choosing a risk level.

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

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 (0 - 5%)

Small / medium losses could be tolerated

Large losses would have a low impact on future lifestyle

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

Client's risk level

Partner's risk level

Agreed risk level

Notes

Client's signature

Date

Partner's signature

Date