

Risk Assessment Questionnaire

We take lots of things into account when investing your money from the kinds of causes and businesses you believe in to your personal values. One crucial factor is how comfortable you are with risk.

More volatile markets, ones that fluctuate a lot, can often return higher rewards at the cost of stability. On the other hand, safer markets offer more predictable growth but smaller rewards. This questionnaire will help us to figure out where you sit on this spectrum from Cautious to Adventurous and will determine your investment strategy.

Please circle the option that best describes how you feel about each question. If no option is exactly right for you, choose the one that's closest.

1. How would you rate the degree of risk that you are willing to take in your financial affairs?

1. Extremely low risk
2. Low risk
3. Moderate risk
4. High risk
5. Extremely high risk

2. I am prepared to forego potentially large gains if it means that the value of my investment is secure.

1. I strongly agree
2. I agree
3. I neither agree or disagree
4. I disagree
5. I strongly disagree

3. In comparison with other people I'm more willing to make high risk investments.

1. I strongly disagree
2. I disagree
3. I neither agree or disagree
4. I agree
5. I strongly agree

4. What's more important for you in the context of investments: the risk or the potential gains?

1. I always focus on the risk rather than the potential gains
2. I usually focus on the risk rather than the potential gains
3. I focus on the risk and potential gains about equally
4. I usually focus on the potential gains rather than the risk
5. I always focus on the potential gains rather than the risk.

5. What degree of risk would you have taken with your PAST financial decisions?

1. Very small
2. Small
3. Moderate
4. Large
5. Very large

6. What degree of risk do you wish to take with your FUTURE financial decisions?

1. A very small amount of risk with very small potential returns
2. A small amount of risk with small potential returns
3. A moderate amount of risk with moderate potential returns
4. A large amount of risk with large potential returns
5. A very large amount of risk with very large potential returns

7. Have you ever borrowed money for the purposes of making an investment (other than for a mortgage)?

1. No
2. Yes

8. Would you borrow money for the purposes of making an investment (other than for a mortgage) IN THE FUTURE?

1. No
2. Yes

9. (parts a,b,c,d,e,f) Experts tell us that as the value of investments can go up and down, we should be prepared to weather a downturn.

How upset would you be if the value of your investments fell by the following amounts in one year?

Percentage fall		How upset would you be on a scale of 1-5 (1 =not upset at all, 5 = very upset) Circle the number that fits best				
A	5%	1	2	3	4	5
B	10%	1	2	3	4	5
C	20%	1	2	3	4	5
D	30%	1	2	3	4	5
E	40%	1	2	3	4	5
F	50% or more	1	2	3	4	5

10. Financial advisers usually invest money (in a ‘portfolio’) across a spread of investments.

What sort of spread of investments would you find most appealing. For example, Portfolio 1 with 100% low risk/low return, or Portfolio 5 with 100% high risk /high return. Please circle the portfolio that best fits what you would prefer.

Portfolio	High risk/return	Medium risk/return	Low risk/return
1	0%	0%	100%
2	10%	20%	70%
3	20%	60%	20%
4	70%	20%	10%
5	100%	0%	0%

11. What is the CURRENT amount of insurance you buy (life insurance, home insurance etc.)

1. Much less than people I know
2. Less than people I know
3. About the same as most people I know
4. More than most people I know
5. Much more than most people I know

12. What is the amount of insurance that you intend to buy IN THE FUTURE (life insurance, home insurance, medical insurance, travel insurance etc.)?

1. Much less than people I know
2. Less than people I know
3. About the same as most people I know
4. More than most people I know
5. Much more than most people I know

13. If you didn’t require access to your invested capital for at least six years, for how long would you be prepared to see your invested capital go down in value before you decided to cash it in?

1. I would cash it in if there was any loss in value
2. Up to 6 months
3. Up to 1 year
4. Up to 2 years
5. More than 2 years

14. I can tolerate the risk of large losses in my investments in order to increase the likelihood of achieving high returns.

1. I strongly agree
2. I agree
3. I neither agree nor disagree
4. I disagree
5. I strongly disagree

15. If my stocks and shares dropped in value by 20%, I would take that as a good time to:

1. Sell them
2. Do nothing
3. Buy more stocks and shares

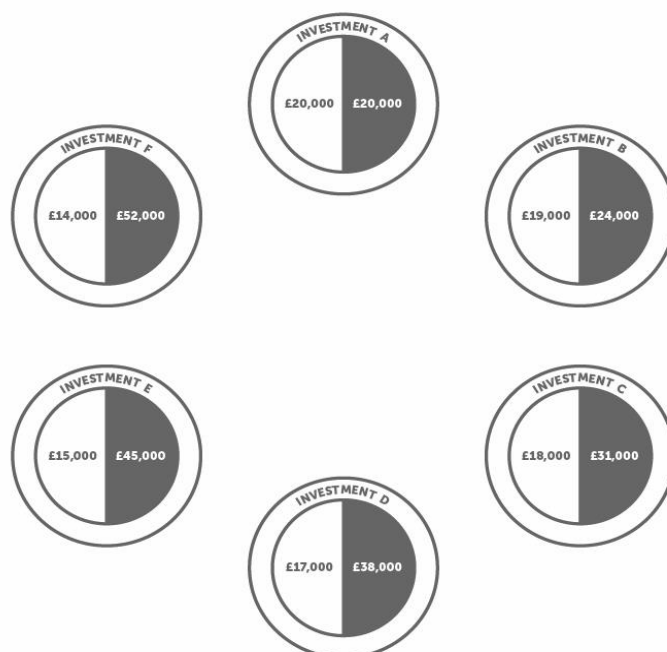
16. Suppose that you're investing £20,000. You're selecting one investment from the six possibilities shown below.

There is a 50:50 chance that the investment will decrease in value, in which case you will end up with the amount shown in the yellow left hand semicircle. Likewise there is a 50:50 chance that it will increase in value, in which case you will end up with the amount shown in the blue right-hand semicircle.

For example, Investment A will always result in you ending up with your original sum of £20,000 whilst Investment F will result in you either getting back £14,000 or £52,000.

As you go from A to F your expected return increases but so does your risk.

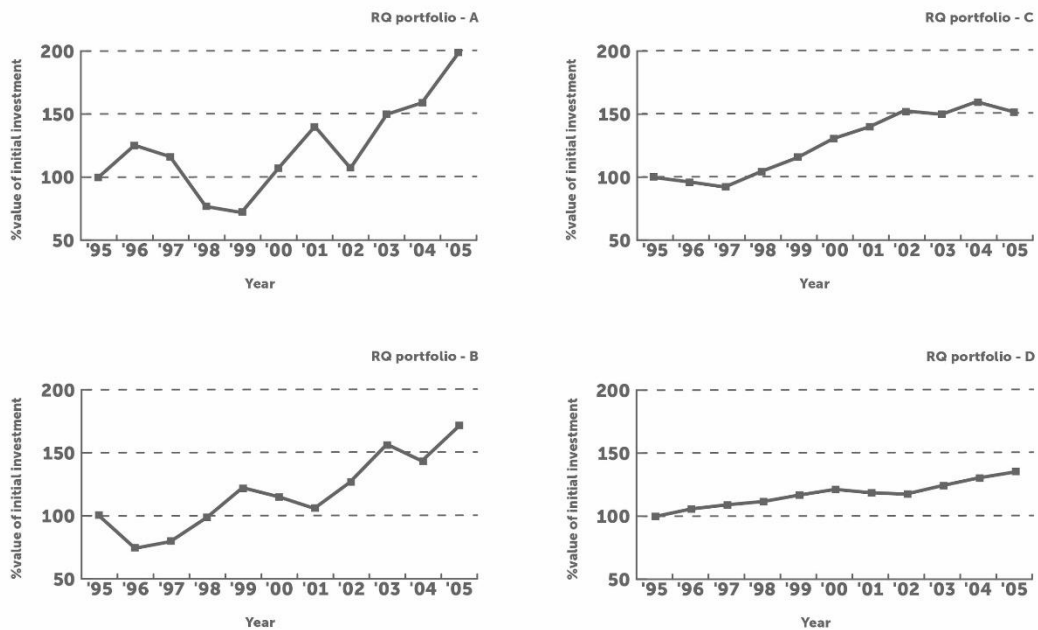
Please indicate which investment you prefer.



17. The graphs below show the performance of four hypothetical portfolios for the past 10 years.

Portfolio A doubled its value over the period, but it made big gains in some years, and suffered big losses in other years. Portfolio D grew by a much smaller amount, but it was steady from year to year. Portfolios B and C are somewhere in the middle.

This question should only be considered in the context of your overall assessment of risk tolerance because PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE. You should not use information about the past to make decisions about the future. However, considering your personal circumstances and reasons for investing (pension, Income, growth etc.) which portfolio would you chose for the future?



Capacity for loss

Investments can fluctuate in value, especially over the short term. By how much could the total value of this investment go down before you feel it would seriously affect your standard of living?

Any fall would have a serious effect

- 10%
- 20%
- 30%
- 40%
- 50%
- More than 50%

Signed: Date:
 Name:.....