

## Attitude to Risk Questionnaire

Client Name:

This questionnaire will help you determine the type of investment suitable for your client.

Please circle the most appropriate response to the 12 statements below, ensuring you only circle one response per statement.

|                                                                                   | <i>Strongly agree</i> | <i>Agree</i> | <i>No strong opinion</i> | <i>Disagree</i> | <i>Strongly disagree</i> | <i>Score</i> |
|-----------------------------------------------------------------------------------|-----------------------|--------------|--------------------------|-----------------|--------------------------|--------------|
| People who know me would describe me as a cautious person.                        | 0                     | 1            | 2                        | 3               | 4                        |              |
| I feel comfortable about investing in the stock market.                           | 4                     | 3            | 2                        | 1               | 0                        |              |
| I generally look for the safer investments, even if that means lower returns.     | 0                     | 1            | 2                        | 3               | 4                        |              |
| Usually it takes me a long time to make up my mind on investment decisions.       | 0                     | 1            | 2                        | 3               | 4                        |              |
| I associate the word "risk" with the idea of "opportunity".                       | 4                     | 3            | 2                        | 1               | 0                        |              |
| I generally prefer bank deposits to riskier investments.                          | 0                     | 1            | 2                        | 3               | 4                        |              |
| I find investment matters easy to understand.                                     | 4                     | 3            | 2                        | 1               | 0                        |              |
| I'm willing to take substantial investment risk to earn substantial returns.      | 4                     | 3            | 2                        | 1               | 0                        |              |
| I've little or no experience of investing in stocks, shares, or investment funds. | 0                     | 1            | 2                        | 3               | 4                        |              |
| I tend to be anxious about the investment decisions I've made.                    | 0                     | 1            | 2                        | 3               | 4                        |              |
| I'd rather take my chances with higher risk investments than have to save more.   | 4                     | 3            | 2                        | 1               | 0                        |              |
| I'm not comfortable with the ups and downs of stock market investments.           | 0                     | 1            | 2                        | 3               | 4                        |              |
| TOTAL SCORE                                                                       |                       |              |                          |                 |                          |              |



## Calculating the risk score

Please follow the steps below to calculate the clients' attitude to risk.

### 1. Determine Risk Score

Add the scores from each question on page 1 to determine the total score. Then use the total score to determine the client's risk category using the table below:

| <i>Risk category</i> | <i>Low score</i> | <i>Upper score</i> | <i>Consistency check?</i> |
|----------------------|------------------|--------------------|---------------------------|
| Risk Averse          | 0                | 10                 | ×                         |
| Conservative         | 11               | 15                 | ×                         |
| Balanced             | 16               | 22                 | ✓                         |
| Moderate             | 23               | 28                 | ✓                         |
| Dynamic              | 29               | 34                 | ✓                         |
| Adventurous          | 35               | 48                 | ✓                         |

### 2. Perform Sense Checks (No Strong Opinion)

The client's answers should be checked if they have answered 'NO STRONG OPINION' to 5 or more questions.

If the client found the questions difficult to answer or understand, they should be clarified and the opinion verified. Please revisit the risk profiler questions and review/change the client's answers. Alternatively, document in the section below the reasons why the client feels their responses remain valid despite these discrepancies:

### 3. Perform Consistency Check

If the client has a score of 'balanced' or above the following questions should be reconfirmed with the client where they have provided an answer that is inconsistent with their risk score. This is because it suggests they are uncomfortable with riskier investments:

- **They strongly disagree with question 2.** *I feel comfortable about investing in the stock market.*
- **They strongly agree with question 3.** *I generally look for safer investments, even if that means lower returns.*
- **They strongly agree with question 6.** *I generally prefer bank deposits to riskier investments.*
- **They strongly agree with question 12.** *I'm not comfortable with the ups and downs of stock market investments.*

If the client responses remain unchanged please document in the section below why the client feels their responses remain valid despite these discrepancies.



## Questions / prompts

| Existing investments and knowledge                                                   | Responses |
|--------------------------------------------------------------------------------------|-----------|
| Tell me about your existing assets / investments?                                    |           |
| How have you made investment decisions in the past?                                  |           |
| Why did you make these investments?                                                  |           |
| What investment strategy did you use?                                                |           |
| Did you have any preferences as to the type of investment?                           |           |
| Did you regret making any of these investments and why?                              |           |
| Do any of the existing investments have a specific function/objective?               |           |
| How important are your existing investments to your lifestyle?                       |           |
| How have you monitored these investments?                                            |           |
| Has anything changed that has had an impact on the investment strategy?              |           |
| Have you ever made a loss/and or gain on any investments?                            |           |
| If so, what impact did that have, if any?                                            |           |
| How did you feel about the loss/and or gain?                                         |           |
| How do you feel about the volatility that is present in this risk profile?           |           |
| Describe your level of knowledge in respect of investments and how you feel about it |           |
| What do you know about asset classes?                                                |           |
| What sort of asset mix would you expect to see based on your risk profile?           |           |



## Capacity for loss discussion

| <i>Funding emergencies / other debts / regular savings</i>                         | <i>Responses</i> |
|------------------------------------------------------------------------------------|------------------|
| How would you fund financial emergencies?                                          |                  |
| How robust is that solution?                                                       |                  |
| Is this an adequate emergency fund?                                                |                  |
| Are there any debts that should be cleared before any regular savings/investments? |                  |
| Can you/do you save regularly?                                                     |                  |
| What is the purpose of this investment/saving for and what is the timescale?       |                  |
| How important is this to you?                                                      |                  |

| <i>Future</i>                                                                                                                           | <i>Responses</i> |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|
| What is the maximum fall in the value from this investment that you are willing to accept?                                              |                  |
| If you got back less than you invested what impact would that have?                                                                     |                  |
| How would that impact on your standard of living?                                                                                       |                  |
| If the investment didn't achieve the expected income requirements/ capital requirements how would that affect your financial situation? |                  |
| Other                                                                                                                                   |                  |



|                                                                                                                        |  |
|------------------------------------------------------------------------------------------------------------------------|--|
| What is your investment horizon?                                                                                       |  |
| How high is your income relative to your spending needs?                                                               |  |
| What is the value of your assets (housing; investments; business etc) relative to your liabilities and spending needs? |  |
| How easy would it be for you to reduce the amount you spend?                                                           |  |
| How flexible is your intended retirement date?                                                                         |  |
| Will you be supported financially by a spouse or other family member if circumstances require?                         |  |



## Summary

Please record your summary of why the risk profile is appropriate for the client for:

- **Attitude to risk**
- **Capacity for loss**

|                            |                                                                              |
|----------------------------|------------------------------------------------------------------------------|
| <b>Retirement planning</b> | This risk attitude is appropriate for the client because:                    |
|                            | This risk profile is appropriate for the client's capacity for loss because: |
| <b>Regular saving</b>      | This risk attitude is appropriate for the client because:                    |
|                            | This risk profile is appropriate for the client's capacity for loss because: |
| <b>Investing capital</b>   | This risk attitude is appropriate for the client because:                    |
|                            | This risk profile is appropriate for the client's capacity for loss because: |

