



Risk Profile Questionnaire

For Individuals

Completion or updating the Confidential Client Profile is important to help identify your goals and priorities. The next step is to understand your attitude to investment risk. While there are a number of different risks that we can account for, most people understand investment risk as the likelihood and extent of a fall in the value of their investment.

The tendency for investments to rise or fall in value is known as 'volatility'. Volatility is the opposite of stability. The more volatile an investment, the more extreme the rises and falls in its value. This means there is more chance of extreme losses, but also potentially higher gains. Lower volatility means greater stability and less chance of an extreme fall in price, but also less chance of a higher gain. However, the longer you hold an investment, the lower the impact of that volatility. Helping you find a portfolio that reflects a comfortable balance between potential gains and falls in value, requires finding your risk 'benchmark'. We can then discuss this in detail with you in relation to your specific goals; for example how would you *feel* if your goal was not achieved?

To help ascertain your risk 'benchmark', please complete this questionnaire, ensuring all questions are answered. Remember that when considering different investment goals (e.g. school fees versus saving for retirement), you might answer the questions differently so please ensure that your answers relate to the particular investment in question only.

The resulting benchmark risk score will be between 1 and 10, with 1 being the most stable and 10 being the most volatile. A risk score of 1 will result in a portfolio consisting mostly of cash, while a risk score of 10 will indicate a portfolio very heavily weighted in shares. Scores between 1 and 10 will feature a broader mix of asset types.

1 Personal details	
Title	<input type="radio"/> Mr <input type="radio"/> Mrs <input type="radio"/> Miss <input type="radio"/> Other ▶ <i>please specify</i>
Surname	<input type="text"/>
Full forename(s)	<input type="text"/>
Date of birth ▶ <i>dd mm yyyy</i>	Postcode
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>

2 Risk profile questions

1. **When do you need this money, or how long do you want to hold on to this investment?**

▶ Enter a number of years from 3 to 30. This time period is very important in the risk assessment process.

2. **Do you have an emergency fund to provide for unexpected expenses, to avoid needing to draw on medium- to long-term savings to meet immediate needs? (You should allow the equivalent of at least three months net income for emergencies.)** ▶ Please tick (✓)

- No
- Yes – but less than three months' salary
- Less than six months' salary
- Around one year's salary
- More than two years' salary

3. **What is your expectation of your future earnings over the next five years?** ▶ Please tick (✓)

- I expect my earnings to decrease
- I expect my earnings to keep pace with inflation
- I expect my earnings to increase somewhat ahead of inflation
- I expect my earnings to far outstrip inflation
- I expect my earnings to fluctuate

4. **What percentage of your total assets (excluding your home) are you proposing to invest now?** ▶ Please tick (✓)

- Less than 25%
- 25% to less than 50%
- 50% to less than 75%
- 75% or more

5. **Which statement most closely reflects your current financial situation?** ▶ Please tick (✓)

- I am completely debt free
- I have no mortgage but have a few other obligations like credit card payments
- I have a mortgage but no other debts that concern me
- I have a mortgage and some short-term obligations
- I have a lot of long-term obligations

6. **Which statement best describes your objectives for this investment?** ▶ Please tick (✓)

- Stability is more important than higher returns
- I want to achieve higher long-term returns than cash. I could cope with infrequent periods where my investments might fall in value
- I want to achieve higher medium-term returns than inflation. I understand there may be occasional extended periods where my investments might fall in value
- I want the best long-term returns I can get. I fully expect periods where the value of my investments might suffer extended falls

7. **At the beginning of the year you have £100,000 invested. The chart and options below show the performance of four possible investments. Each bar gives a range of possible values at the end of the same year. Which investment would you prefer?** ▶ Please tick (✓)

Potential best and worst case end values



This chart is for illustrative purposes only and does not reflect the performance of a specific index or fund.

- Portfolio A: It could be worth anywhere between £93,000 and £113,000
- Portfolio B: It could be worth anywhere between £85,000 and £125,000
- Portfolio C: It could be worth anywhere between £77,000 and £137,000
- Portfolio D: It could be worth anywhere between £69,000 and £149,000

2 Risk profile questions *(continued)*

8. What level of fall in the value of this portfolio over a one-year period would concern you, bearing in mind that investment in shares requires a long-term view? ► *Please tick (✓)*

- More than 5%
- More than 10%
- More than 15%
- More than 20%
- I am not concerned about falls in value as I expect to recover any falls by the time I need to sell my portfolio

9. Suppose one year ago you invested £100,000 in a portfolio. Today you've checked its value and find it is now worth £87,000. How would you feel? ► *Please tick (✓)*

- Panic – I'd want my adviser to sell, and invest the proceeds in Cash
- Nervous – I'd want my adviser to sell part of the portfolio, and invest the proceeds in a less volatile investment
- Patient – I'd sit tight, expecting the portfolio to recover
- Positive – If I had any more money I'd invest it in the same portfolio

10. You are more concerned that your investments grow faster than inflation, than you are about returns over any one-year period. ► *Please tick (✓)*

- Strongly agree
- Agree
- Disagree
- Strongly disagree

11. If you could increase your chances of improving your returns by taking more risk, would you be: ► *Please tick (✓)*

- willing to take more risk with all of the money?
- willing to take more risk with half of the money?
- willing to take more risk with a quarter of the money?
- unlikely to take much more risk?

3 Your investment objectives

How much do you wish to invest? ► *Enter amount in pounds sterling*

£

(a) If you are investing for growth (eg optimised portfolio)

Is there a target amount you wish to achieve? If so, what is it? ► *In deciding upon your target, please allow for the effects of inflation, investment risk and your tax position*

£

When do you need this money, or how long do you want to hold this investment? ► *Enter a number of years from 3 to 30*

years

(b) If you are investing for income (eg yield portfolio)

What is your expected tax rate? ► *Please tick (✓)*

Basic Higher

What annual yield do you require (after allowing for the specified tax rate)?

%

Investors should assess the acceptable inflation and investment risk of not meeting a given target (after allowing for personal tax), particularly for periods under 10 years for volatile investments.

4 Signature

Your financial adviser will input your answers on the Skandia Online Risk Profiler, which will compute a suggested risk score and asset allocation. The risk score gives an indication of the level of risk you may be prepared to take with this investment on a range from 1 (low risk) to 10 (high risk).

As mentioned earlier, the risk score is only a guide, and you can decide, with the help of your financial adviser, to invest more conservatively or more aggressively.

We do not provide advice on selecting investments. Investors should consult their financial adviser on the merits of any particular investment.

Signature

Date questionnaire completed

Date ► *dd mm yyyy*

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