



Risk Profile Analysis

Instructions

The questions below relate to your general attitude to investing and your capacity to take risk. Your answers should not be influenced by any particular investment or need you are contemplating.

For the 18 questions below, indicate your level of agreement with each statement by selecting one of the options and circling the number in that column. Indicate your preferred options thoughtfully and honestly – there are no right or wrong answers. If you believe a statement is open to interpretation give the response that feels most intuitive to you. There is no option for ‘don’t know’ – do not use the middle option to mean this.

Please select the option that reflects your level of agreement with each statement.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. For me, part of investing is experiencing the ups and downs.	1	2	3	4	5
2. I feel stressed when making important financial decisions.	5	4	3	2	1
3. It's important to me to take financial risks.	1	2	3	4	5
4. I believe that I generally take bigger investment risks with my money than other people.	1	2	3	4	5
5. I always overreact to unexpected bad financial news.	5	4	3	2	1
6. I would still consider making risky investments even if I had made significant losses in the past.	1	2	3	4	5
7. I worry about things going wrong with my financial decisions.	5	4	3	2	1
To avoid the possibility of losing money on my 8. investments, I would rather not make a financial decision.	5	4	3	2	1
9. To get higher long term returns, I'm happy to risk a short term fall in the value of my investments.	1	2	3	4	5
10. Others would say that I like taking risks with my money.	1	2	3	4	5
11. I feel fairly relaxed about uncertainty regarding risky investments.	1	2	3	4	5
12. When I consider the risks of investing I feel quite anxious.	5	4	3	2	1
13. I expect my investments to sometimes go down in value as well as up.	1	2	3	4	5
14. I would be happy to tolerate fluctuations in the value of my investments to get a better return in the future.	1	2	3	4	5
15. When I make an investment decision I usually feel concerned.	5	4	3	2	1
16. Seeing my investments go up and down in value is part of investing money.	1	2	3	4	5
17. I would get a thrill from making risky investments with my money.	1	2	3	4	5
I would accept fluctuations in the value of my 18. investments for the potential to gain a return above inflation.	1	2	3	4	5

Client risk tolerance

Based on the answers you provided above, your risk tolerance category has been determined as:

Risk tolerance category descriptions

The table below provides a description of each of the different risk tolerance categories:

Score	Risk Profile
Ultra conservative	Your risk tolerance was measured as 'Very Low', which puts you in the 'Ultra Conservative' category. People in this category are highly conservative and are usually more comfortable placing their money in savings and products where there is no risk of capital loss. Though such products will return at least the money that was put in, its real value may be eroded by inflation. They are therefore not appropriate for all their investment objectives. Your risk tolerance was measured as 'Low', which puts you in the 'Conservative' category.
Conservative	People in this category are conservative with their money, being more comfortable with cautious investments with modest returns rather than risky investments with potentially high returns (but also potentially high losses). They require a high degree of capital security and accept that the real value of their money may be reduced by inflation. Your risk tolerance was measured as 'Low to Medium', which puts you in the 'Cautious' category.
Cautious	People in this category are cautious with their investments. They are more comfortable with investments with reasonable returns rather than risky investments with potentially high returns (but also potentially high losses). Your risk tolerance was measured as 'Medium', which puts you in the 'Moderate' category.
Moderate	People in this category are neutral in their attitude towards risk – they neither seek nor seek to avoid it. They are prepared to take some risk with their investments where this could result in higher returns.
Moderately aggressive	Your risk tolerance was measured as 'Medium to High', which puts you in the 'Moderately Aggressive' category. People in this category are assertive with their investments. They are prepared to take risks where this could result in higher returns.
Aggressive	Your risk tolerance was measured as 'High', which puts you in the 'Aggressive' category. People in this category are willing to speculate, at least with some of their investments. They are generally interested in investments which could provide high returns, but which therefore could also suffer high losses. They will be fairly tolerant of dips in the market if they do not require immediate access to their invested capital.

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Additional information

Please answer the following questions, as these factors will also be considered when determining appropriate solutions to meet your investment objectives:

1. What knowledge do you have of investments and the risks they carry? *Indicate the level of your knowledge as limited, average, good or advanced, and provide information to support this.*

2. What investment experience do you have? *Indicate the level of your experience as minimal, average, strong or extensive, and provide information to support this. Indicate the extent of your own involvement in investment in the past.*

3. How likely is it that you may need to access a long-term investment? *Do you have an emergency fund? Do you expect to have large cash needs in the near future, e.g. medical expenses, education expenses, buying a house or starting a business?*

Client declaration

I have answered these questions thoughtfully and honestly.

Client full name(s):

Date:

Y	Y	Y	Y	M	M	D	D				
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Client signature:

Adviser declaration

I have explained the purpose and results of the risk tolerance assessment to the client. If the results differ in the electronic version of the assessment, I will inform the client of the changed result.

Adviser full name(s):

Date:

Y	Y	Y	Y	M	M	D	D				
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Adviser signature:

For intermediary use: Risk tolerance scoring

Total the scores of all the questions for the blank spaces in each column:

Question	Risk tolerance	Composure	Focus on reward	Focus on risk
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
Total	A =	B =	C =	D =

Assessment results

Use the calculated scores to look up the applicable categories in the tables:

	Score	Category
Risk tolerance		
Composure		
Focus on reward		
Focus on risk		

Assessment categories

Risk tolerance (total A)

Score	Category (tolerance for financial risk)
18 – 32	Ultra conservative (very low)
33 - 37	Conservative (low)
38 - 47	Cautious (low to medium)
48 - 57	Moderate (medium)
58 - 67	Moderately aggressive (medium to high)
68 - 90	Aggressive (high)

Composure (total B)

The Composure Index shows how likely a client is to be caused anxiety by short-term falls in value, even when their investment is on track to deliver the required outcome. It indicates the degree to which the client is likely to be concerned. The higher the client's Composure the less likely they are to be anxious about short-term falls in the value of their investment.

Score	Composure
6 – 15	Low
16 – 19	Low to medium
20 – 23	Medium
24 – 27	Medium to high
28 – 30	High

Focus on reward (total C) and focus on risk (total D)

These subscales reflect the tendency for some clients to be either preoccupied with the potential returns, or risks, rather than have a balanced view where both the likely returns and risks of an investment are given equivalent consideration. Where the client's preoccupation is with returns we call this Focus on Reward. The higher the category of the client the more likely they are to fix on returns while discounting the risk. In contrast where the client is preoccupied with risks we call this Focus on Risk. The higher the category of the client the more concerned they are with risks while discounting the likely returns.

Score	Focus on reward	Focus on risk
6 – 9	Low	High
10 – 13	Low to medium	Medium to high
14 – 18	Medium	Medium
19 – 23	Medium to high	Low to medium
24 – 30	High	Low