RISK QUESTIONNAIRE REPORT

Prepared For

Mrs Example Client

Prepared By

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Report Date

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Risk Questionnaire Report

This report displays the results of your risk tolerance questionnaire.

INTRODUCTION

This report displays the results of the risk tolerance questionnaire you completed on

About this Risk Questionnaire

When investing money it is important to know how much risk you are willing and able to take.

The primary objective of this Risk Tolerance Questionnaire (RTQ) and scoring system is to identify your willingness to accept various level of risk and ultimately direct you to the appropriate investment.

This risk tolerance questionnaire is provided by Morningstar.

Your Results

The answers you gave to the RTQ are used to calculate your risk profile. A description of this risk profile is provided.

The results of this questionnaire should be seen as the starting point of a discussion to determine the level of risk you are willing, able and require to take with your investment. Once this is agreed appropriate investments can then be researched for your needs.

Warning

This document is not an invitation to buy or sell any product and should not be considered a personalised recommendation.

YOUR RISK QUESTIONNAIRE

Investment Goals

1. What is your main investment goal?

Quick tip *(Think about what you are saving for. Do you expect your savings to grow for a future payout, for example, retirement, a child's education, or to increase your money or leave an inheritance? Or will you use these savings to add to your income immediately?)*

☐ A. Income

☑ B. Growth

Please include any details about your investment goals you want to state to your adviser

How losing money would affect you:

2. What impact would it have on your standard of living if you were to lose money on this investment?

Quick tip *(Losing money here refers to the value of your investment portfolio falling below the amount you originally invested because of a drop in the market. For example, if you gave your adviser £50,000 to invest and later the value of your investments fell to £47,500.)*

☐ A. It wouldn't have an impact on my standard of living and I wouldn't need to use any additional resources (for example, savings) as a result.

☑ B. I have other resources I could fall back on.

☐ C. It would have an impact on my immediate standard of living..

YOUR RISK QUESTIONNAIRE

Time Frame

3. When do you want to start spending the money you will save in this account?

- [ ] A. Immediately or within the next three years.
- [ ] B. Within three to four years.
- [ ] C. Within five to six years.
- [ ] D. Within seven to 10 years.
- [x] E. Not within the next 10 years.

4. Once you start spending your money, how long do you expect to continue to withdraw funds from your investment portfolio?
Quick tip *(Do you want to spend all your money at once, for example to buy a house? Or do you plan to make the money last over a longer period, for example by paying yourself a yearly income once you retire?)*

- [ ] A. I plan to withdraw all of my money at once.
- [x] B. I will make withdrawals over two to five years.
- [ ] C. I will make withdrawals over six to 10 years.
- [ ] D. I will make withdrawals over 10 years or more.
- [ ] E. I don't intend to withdraw the money.

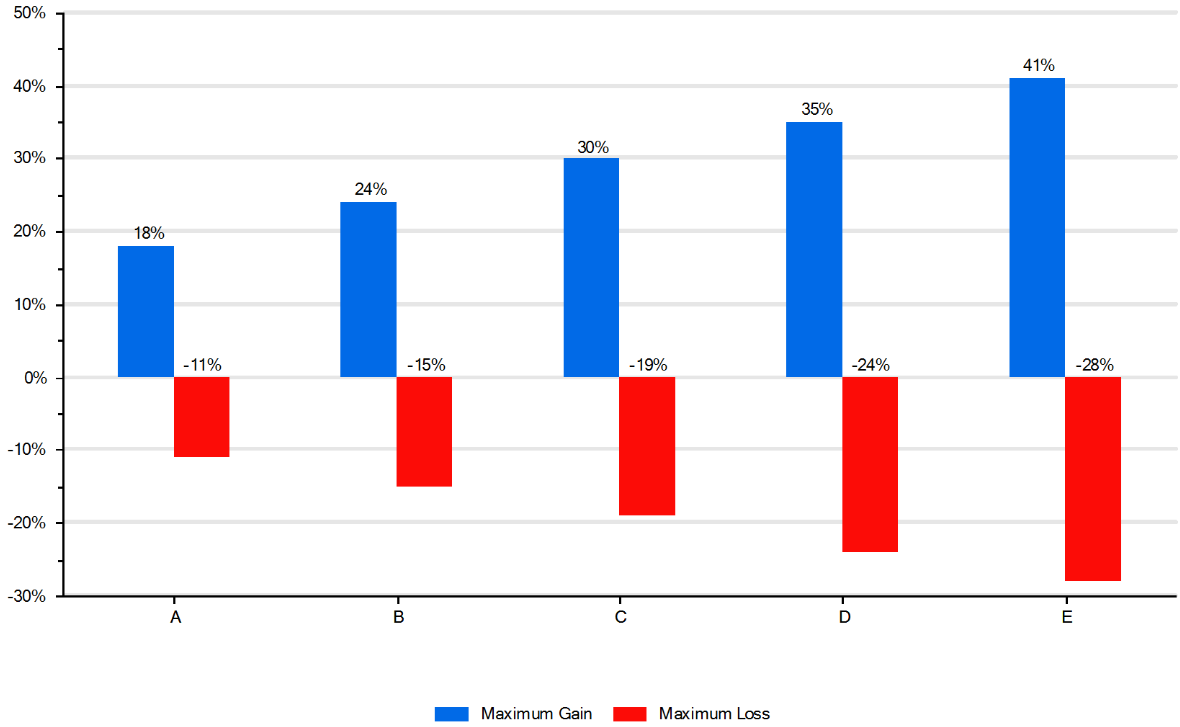
5. Once you start to spend the money in your investment portfolio, how much do you plan to withdraw?
Quick tip *(If your investments are worth £100,000 and you want to withdraw a yearly income of 4%, you will need to take out £4,000 each year.)*

- [ ] A. I do not intend to take withdrawals.
- [x] B. I plan to withdraw between 0% and 4% of the value of my investments each year.
- [ ] C. I plan to withdraw between 4% and 8% of the value of my investments each year.
- [ ] D. I plan to withdraw more than half of the value of my investments within three to 10 years.
- [ ] E. I plan to withdraw all of my investments at once.

YOUR RISK QUESTIONNAIRE

Your Attitude to Risk

6. Some investments offer the opportunity for a greater gain but with the risk of a greater potential loss. Look at the five scenarios represented in the chart below. Which one would you put your money in



☐ Scenario A

☐ Scenario B

☑ Scenario C

☐ Scenario D

☐ Scenario E

YOUR RISK QUESTIONNAIRE

7. Imagine you have invested £100,000. Which of the five scenarios below would you want for your investment portfolio?

	Best-case increase (£)	Most likely result (£)	Worst-case losses (£)
☐ Scenario 1	18,000	6,600	-11,000
☐ Scenario 2	24,000	7,500	-15,000
☑ Scenario 3	30,000	8,200	-19,000
☐ Scenario 4	35,000	8,800	-24,000
☐ Scenario 5	41,000	9,000	-28,000

8. Investing involves a trade-off between risk and returns. In the past, investments with higher returns have been associated with greater risk and chance of loss. Whereas cautious investments that have had a lower chance of loss also have achieved lower returns. Which of the following statements best describes your attitude to risk?

☐ A. I am most concerned with risk. I am willing to accept lower returns in order to limit the risk of loss.

☐ B. I am willing to accept some risk and chance of loss in an effort to achieve modest but somewhat higher returns.

☑ C.I am willing to accept moderate risk in order to achieve higher returns. Reducing risk and increasing returns are equally important to me.

☐ D. I want to achieve strong returns on my investments. I am willing to accept somewhat higher risk and chance of loss.

☐ E. I am mainly concerned with getting the highest possible returns on my investments. I am willing to accept significant rises and falls in the value of my investments and a significant chance of loss.

9. Imagine your adviser has invested £100,000 of your money and it's fallen in value to £80,000. Assuming that this happens at an early stage of your intended investment period, how would you react to this £20,000 loss?

☐ A. I would not change my investment plan.

☑ B. I would wait at least one year before changing to an investment options that are more stable.

☐ C. I would wait at least six months before changing to investment options that are more stable.

☐ D. I would immediately change to investment options that are more stable.

10. The value of investments varies from year to year. Suppose you invested £100,000. How much money would you need to lose before you wanted to move your money into a more stable investment?

☐ A. £5,000 or less.

☑ B. £10,000

☐ C. £15,000

☐ D. £20,000

☐ E. It is unlikely I will move my money even if my investment falls in value.

YOUR RISK QUESTIONNAIRE

11. How does your concern about losing money manifest itself in relation to your investment?

☐ A. I would sell my investments.

☑ B. I would be worried but not uncomfortable enough to sell my investments immediately. If my investments suffered losses over several months, I would probably sell.

☐ C. I would wait a full year before making changes to my investments—short-term losses in the value of my investments do not bother me.

☐ D. I would not make changes—I understand that investments can have occasional negative yearly returns. However, I have a higher chance of reaching my investment goals if I stick with my investment over the long term.

12. Which of the following best describes your view on investing?

☐ A. My investments don't have to grow, I just want my money to be safe.

☑ B. I can accept lower growth for greater certainty.

☐ C. I am more concerned about the possible losses than the possible gains.

☐ D. I can accept possible losses for long-term investment growth.

☐ E. To achieve high levels of growth, it is necessary to take risk.

YOUR RISK QUESTIONNAIRE

Your answers to the Risk Tolerance Questionnaire suggest that you are a moderate investor.

The Moderate investor

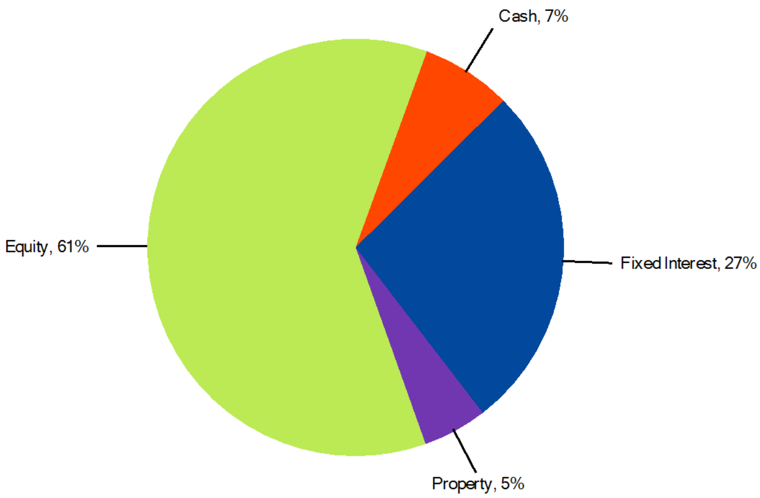
- The moderate investor is concerned by short-term losses but understands that some risk is needed in order to have the opportunity to achieve better returns.
- The moderate investor believes that the safety of their investment and investment returns are equally important.
- The moderate investor is able to leave their money invested despite a fall in the value of their investment in order to try to recover their losses.

Target Asset Allocation - Moderate Investor

There are various types of investment which include:

- Cash e.g. money placed on deposit at a bank.
- Fixed-interest securities (also called bonds or fixed income) which are essentially loans to governments and companies.
- Property.
- Equity - shares in companies that are traded on stock markets.

These are known as asset classes and the split of your money between these asset classes is called asset allocation. The chart below describes an asset allocation for a moderate investor.



Asset Classes and Their Risk

One of the most important aspects of risk is the amount by which your returns are likely to swing up and down, called capital risk. Different asset classes have different levels of risk.

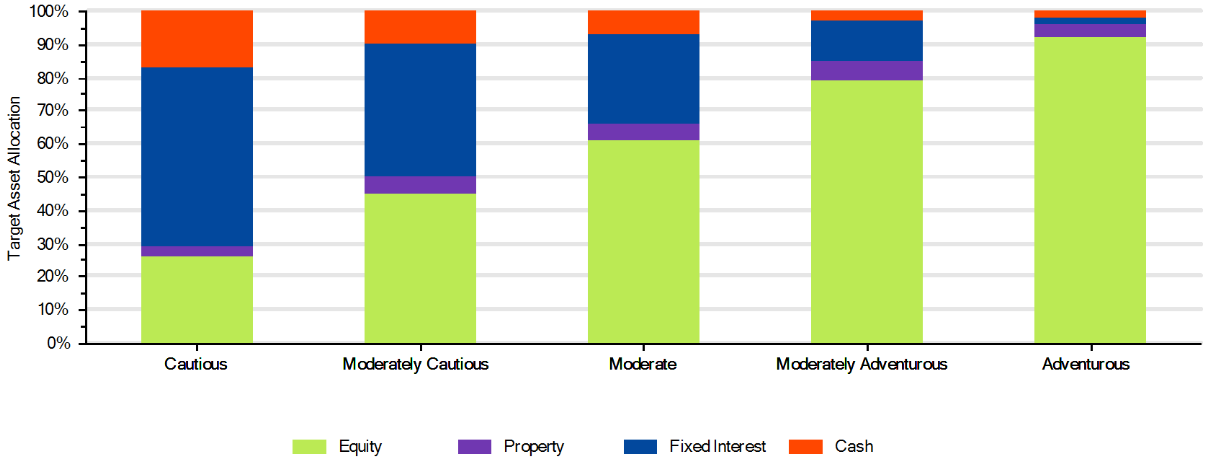
Ranked in order of increasing capital risk, the traditional asset classes are generally ordered as follows; cash (lowest risk), fixed interest, property and equity (highest risk).

YOUR RISK QUESTIONNAIRE

Asset Allocation

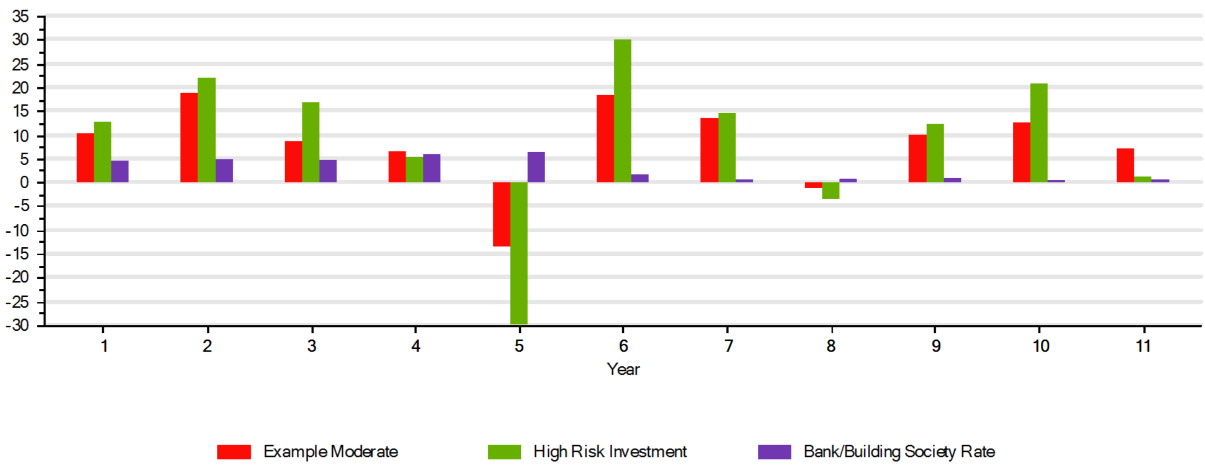
The chart below compares the target asset allocation for a moderate investor to target asset allocation for other kinds of investor. The chart goes from the low risk Cautious Investor on the left, through to the high risk Adventerous Investor on the right.

Note how the amount invested in the higher risk equity and property assets increase as you move from left to righ. Whilst at the same time the amount in the lower risk cash and fixed interest assets decrease.



Example Past Performance - moderate Investment

The chart below shows the returns you might experience from an example moderate investment compare dwith a typical bank or building society account and the FTSE All Share index which represents the performance of the broad UK stock market.



Please be aware that past performance does not guarantee future results and this is simply as example of what a moderate investor's experience might look like.