



North Devon's Leading Independent Wealth Managers

RISK ASSESSMENT QUESTIONNAIRE

NAME:

To advise you concerning how best to arrange your savings and investments, we shall ask questions to establish:

- your willingness to accept risk (attitude towards risk) to help achieve your goals
- your ability to withstand risk (your 'capacity for loss' and how it may impact your financial security), allowing for your wider circumstances
- how your financial goals and aspirations can influence how you should invest and how these may impact the degree of investment risk that is appropriate for you. If you 'need' a certain amount of capital to generate a target retirement income in the future for example, then how best do you achieve that? So, another vital consideration is your 'need' to take risk to avoid failing some key longer-term needs.

Our recommendations to you will also depend upon:

- the likely investment timescale
- any planned expenditure that you have over the next 2-3 years
- your overall assets, income and liabilities

Short-term Savings

To begin, we always encourage clients to retain a suitable amount in more easily accessible accounts. What is the minimum sum you would be comfortable keeping accessible at short notice (to protect against emergencies and to meet planned expenditure over the next 2-3 years), that cannot be met from your regular income?

Emergency Cash: £_____ Planned Expenditure on top: £_____

(As this may be needed quickly, it's sensible to keep it in easy access bank/building society accounts or Premium Bonds for example.)

Investments for the medium to longer-term

With financial planning, there is a relationship between 'risk' and 'return'. The higher the risk, theoretically the higher the gain/loss potential (but not always of course). Over periods beyond five years for example, historically stock market investments tend to outperform bank and building society accounts. However, returns achieved in the past cannot be guaranteed in the future.

You must remember too there is risk with everything – inflation will reduce the real spending value of your money or moth can eat or thief can steal your cash under the mattress! Doing 'nothing' is also not an option – recognising every day we face risks of all forms as we go about our daily lives helps us with our finances too. It is realising there are risks with everything and then we must set-about managing them. Life is all about taking certain courses of action by managing the risks as we aim for better outcomes – and this applies to investing our money too.

Sadly too, remember there's no such thing as top growth and high income, biggest diversity, instant access to all your assets anytime (including your property!) minimum tax and no risk of any form. It is all about the right 'balance'.



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Please tick the box which you feel best represents you:

1. At the beginning of the year you invest £100,000 for the long-term. There are four possible outcomes (best and worst case scenarios) at the end of year one. Which option would you be prepared to accept?

- ☐ Portfolio A: A minimum of £100,000
- ☐ Portfolio B: £90,000-£110,000
- ☐ Portfolio C: £80,000-£120,000
- ☐ Portfolio D: £70,000-£130,000

2. Whilst a stock market investment requires a long-term view, if it dropped in value by more than your answer in question 1, would you be:

- ☐ Horrified – instructing your adviser to sell and reinvest the money in a less volatile investment
- ☐ Concerned – seeking to discuss with your adviser why this has happened and whether an alternative strategy should be considered
- ☐ Patient - do nothing in the expectation that it will recover over the longer-term
- ☐ Positive - Invest more money (if possible) at a lower price as you would view it as an opportunity

3. I can tolerate the risk of investment losses to improve my returns (to exceed that by keeping cash on ordinary deposit accounts with poor interest and where inflation eats the real value for example) over the longer-term

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Agree
- ☐ Strongly agree

4. What is more important to you with investments: the risks or the potential gains? (Bearing in mind this is not an absolute position and we don't deal in speculative portfolios where you can 'lose the lot' or most of your money. That is the bookmakers!).

- ☐ I always focus on the risk of loss rather than potential gains
- ☐ I usually focus on the risk of loss rather than potential gains
- ☐ I usually focus on the potential gains rather than the risk of loss
- ☐ I always focus on the potential gains rather than the risk of loss

5. How comfortable are you taking financial risks to help ensure you achieve your longer-term needs and objectives?

- ☐ Not at all comfortable
- ☐ Slightly comfortable
- ☐ Comfortable
- ☐ Very comfortable

6. In view of your answers above, how do you rate the degree of investment risk that you are willing to take over the medium to long-term to meet your future objectives? (You may answer differently for your medium-term investments compared to your longer-term pension for example).

- ☐ Extremely low risk with very small potential returns but negligible losses (before inflation)
- ☐ Low-medium risk and equivalent low potential returns/losses
- ☐ Medium/balanced risk with average potential returns/losses
- ☐ Medium-high risk and equivalent potential returns/losses
- ☐ High risk with potential large returns/losses

Please use the box to discuss your past financial experiences and to describe your investment knowledge and confidence. For example, aside from a bank account, what have you done with your money previously and what were your experiences (we are not here to judge you!)? Have you ever invested in a stocks and shares ISA, Unit Trust, Investment Bond, employer share-save, investment property, pension fund or individual shares on the stock market? If so, are these things you would be happy to repeat? For you personally, are there any other aspects of investing of which we should be aware and which may affect the principle of 'risk management' in terms of how you manage your own assets and therefore how you might want us to manage your investments for you?

Please feel free to add any other views or opinions you may have concerning any of the questions or investment risk generally.

Thank you for completing this questionnaire. We shall review the results to assist us in helping you. Remember though that circumstances and priorities change over time and it is important to realise that these can have a significant bearing on how you should invest. That is why it is important to keep us informed of any major changes affecting you or your financial position as this may influence the degree of investment risk that is appropriate for you. A regular review of your finances is important to ensure your strategies continue to be suitable for you. Signing the form acknowledges that your answers reflect your personal choices today.

Signature:

Date

Please return a copy of this form to your adviser. Thank you.