

Beckford · James

chartered financial planners

Attitude to Risk

Client Name:

Date:

Risk means different things to different people but in assessing yours, we are trying to match you with the most appropriate mix of portfolio assets (see page 4) that match your tolerance of investment volatility. To do this we use a three-stage process to assess your attitude to risk which includes:

1. Asking your view of your attitude to risk on a scale of 1 (low = all cash based) - 10 (high = all equity based).
2. Completing a questionnaire that will give a computer-generated output of your attitude to risk.
3. Asking you to confirm which of a series of statements best fits your own attitude to risk.

Stage 1*: On a scale of 1-10 where do you feel your attitude to risk would be? (Please tick)

1 2 3 4 5 6 7 8 9 10

Stage 2:

2:1 How long do you expect this money to be invested, before you need access to it?

- Under 2 years
- Between 2 years and 5 years
- Between 5 years and 10 years
- 10 years or more

2:2 Once you begin to disinvest this money, how long will you need it to last?

- I will disinvest it all at once
- Less than 2 years
- Between 2 years and 5 years
- Between 5 years and 10 years
- Over 10 years or for all my lifetime

2:3 How familiar are you with investment matters?

- Very limited knowledge
- Moderate knowledge
- Reasonably extensive knowledge
- I am an expert

2:4 What is your main aim when considering an investment?

- Protecting the capital value, even if it means low total returns
- At least beating inflation
- A higher total return that may mean some short-term capital loss
- A very high total return and not too concerned about short-term capital loss

2:5 After you invest this money if its value were to drop by 20% in the space of a few months, which of the following would best describe your reaction? Would you;

- Sell most of the invested assets to limit further loss
- Start to have sleepless nights and speak to my adviser
- Do nothing, accepting that markets can fall and should rise in due course
- Invest more into a depressed market looking for suitable opportunities

2:6 How long do you expect to receive income from other sources (salary, pension etc.)?

- Less than 2 years
- Between 2 years and 10 years
- Over 10 years or for my lifetime
- I have no other regular income

2:7 The additional income you enjoy from other sources, when compared to the proposed investment is:

- Not very significant
- Of comparable value
- Of much greater value

2:8 One important aspect of investing is at least to maintain an investment's real value compared to the cost of living (inflation). Do you expect the annual return from this investment to:

- Accept returns below inflation
- Beat inflation by between 0% and 2%
- Beat inflation by between 2% and 4%
- Beat inflation by more than 4%

2:9 A friend suggests that high returns can be achieved by borrowing money and investing into a 'speculative' investment (higher possible return but with higher risk). Would you:

- Follow the advice without hesitation
- Be tempted but would seek professional advice
- Totally dismiss as far too risky

2:10 Do you consider your attitude to financial risk to be:

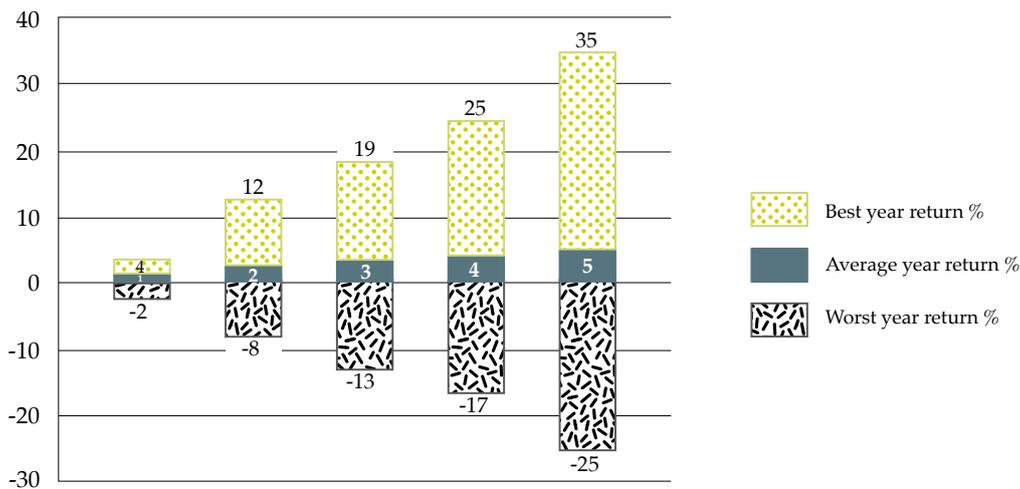
- Very much more speculative than average
- Quite adventurous
- About average
- More risk averse

2:11 If you were offered a potential investment opportunity that was described as 'a bit risky but could have great potential', what would your first thoughts be?

- This could be a dangerous thing to do
- The returns will be uncertain
- This could be an opportunity to achieve high returns

2:12 Which of the following five hypothetical investments would you be most comfortable with?

1 2 3 4 5



Stage 3

3:1* Have you invested in any of the following within the last 5 years (please tick)?

	No	Yes, through a financial adviser	Yes, by myself
Savings/Deposit Accounts Cash ISA, National Savings and Investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stocks and shares ISA's, Unit Trusts or General Investment Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Directly in Stocks and Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax saving schemes such as EIS, VCT or BPR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pension planning and income in retirement products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3:2* If you needed sudden access to a lump sum, how likely is it that you would need to encash this investment?

- I have enough liquidity and have other savings I could access
- I may need to access some of this investment
- I would certainly need to access this investment

3:3* How much of this investment do you feel you could stand to lose without having a significant impact on your future standard of living?

- None or very limited losses (0-5%)
- Small to medium losses would be uncomfortable but could be tolerated
- Large losses would have a low impact on future lifestyle

3:4* Which one of the following statements best describes your attitude to risk? (Please select)

- a) I wish to maximise long-term expected returns and am not concerned about possible short-term losses. I can tolerate large or frequent fluctuations through time in portfolio value in exchange for a higher return over the long term.
- b) I am very sensitive to short-term losses. I would immediately sell my investment and move to a zero risk investment instead if losses occur. I am willing to accept lower long-term return in order to assure the safety of my investment, even if this means losing real value against inflation.
- c) I am willing to accept high risk and the chance of short term loss in order to achieve higher returns on investment. Significant losses over an extended period may prompt me to shift to a less risky investment.

- d) I would be somewhat concerned about short-term losses. I would consider moving into a more stable investment if significant short-term losses occur. I am willing to accept lower returns in order to assure greater safety of my investment.
- e) Whilst I am somewhat concerned with short-term losses, I understand investments can fluctuate in value. I would become uncomfortable with prolonged or significant losses but accept I need to take some risk for some real return. The safety of investment and potential return are of equal importance to me.

3:5* How important is it to you to know that the funds you invest in only trade in socially responsible areas of investment?

- Very important
- Important
- Neither important nor not important
- Not important

3:5 a) Do you wish to complete a separate ethical bias questionnaire?

3:6 Client Assumptions for Cash-flow planning

Variable	Default	Client
Inflation	2.5%	
Investment Growth (net of charges)	3.65%	
Cash Return	0.5%	
Life Expectancy	95	
Single Life level annuity rate		

Completed by phone date:	
If completed in person - Signed:	

Indicated Risk Score

Calculated Risk Score

Statement Risk Score

Agreed Risk Score:	
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For Reference:

Specimen asset allocations for risk profiles 1 to 10:

The following table is based on Strategic Asset Allocation and aims to illustrate how portfolio assets vary with risk attitude. Different levels of risk will dictate different percentage holdings in various asset classes.

Specimen asset allocations for Offshore Bond, SIPP and GIA	1	2	3	4	5	6	7	8	9	10
Cash/Money Markets	87%	35%	2%	2%	2%	2%	2%	2%	2%	2%
UK Fixed Interest	5%	35%	52%	41%	30%	19%	10%	0%	0%	0%
International Fixed Interest	6%	22%	31%	26%	25%	23%	22%	20%	9%	0%
Property	2%	4%	5%	7%	7%	7%	8%	8%	8%	8%
UK Equity	0%	2%	5%	12%	18%	25%	29%	35%	41%	45%
International Equity	0%	2%	5%	12%	18%	24%	29%	35%	40%	45%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Actual allocations will vary with the additional use of Tactical Asset Allocation as a secondary screen. Your adviser will discuss these approaches further with you, if you wish.