

Attitude to risk questionnaire

Client name(s):	
Name of adviser:	
Date of assessment:	

Questionnaire

This risk questionnaire aims to establish your general risk outlook and the level of risk you are normally prepared to take, although you may decide to take more or less risk for any specific investment objectives you may have. You should answer each question thoughtfully and honestly – there are no right or wrong answers and no option for 'don't know'. If a question seems open to interpretation, please give the response that feels most intuitive to you.

Please tick the relevant box to indicate how you feel about each question.

1. I would describe my investment approach as:			
A. Cautious	B. Balanced	C. Adventurous	D. Speculative
☐	☐	☐	☐

2. If you invested £20,000 and the value fell temporarily, how much of a fall, over a 12-month period, would make you feel anxious or uncomfortable?			
A. More than £4,000	B. More than £2,500	C. More than £1,000	D. Up to £1,000
☐	☐	☐	☐

3. I associate the phrase 'investment risk' with the idea of:			
A. Opportunity	B. Acceptance	C. Caution	D. Loss
☐	☐	☐	☐

4. To see a respectable gain on my investment, I am:			
A. Happy to take the maximum risk with a percentage of my assets	B. Happy to take considerable risk with a percentage of my assets	C. Happy to take some risk with a percentage of my assets	D. Not willing to take risk with my assets
☐	☐	☐	☐

5. Compared to other people, I would describe myself as:			
A. More cautious	B. Equally cautious	C. Less cautious	D. Substantially less cautious
☐	☐	☐	☐

6. In seeking a return on my investment, in the short-term, I'm willing to accept:			
A. No risk of capital loss	B. A slight risk of capital loss	C. A moderate risk of capital loss	D. A considerable risk of capital loss
☐	☐	☐	☐

7. If I thought there was a possibility of my investment losing money, I would:			
A. Be totally comfortable with the investment	B. Understand and accept that investments can fluctuate in value	C. Worry about the investment often	D. Not invest
☐	☐	☐	☐

8. Compared to other people, I believe the following statement best fits my understanding of investments:			
A. I have no understanding of investments or how they work	B. I have a basic understanding of what investments are and limited knowledge on how they work	C. I have a reasonable understanding of non-complex investments and how they work	D. I have detailed knowledge of a wide range of investments and how they work
☐	☐	☐	☐

9. If you invested £20,000 and the value fell by £3,000 over the course of a 12-month period, would you:			
A. Panic and cash-in the investment	B. Be concerned and contact your adviser for an explanation	C. Understand and be comfortable with the fact that long term investments can fluctuate	D. See it as the perfect opportunity to invest more
☐	☐	☐	☐

10. Taking risks when making investments:			
A. Gives me a strong sense of excitement	B. Provides a considerable level of excitement	C. Makes me excited to some degree	D. Doesn't excite me
☐	☐	☐	☐

11. When investing money to meet my objectives I would prefer to use:			
A. High risk investments	B. Medium risk investments	C. Low risk investments	D. Bank deposits
☐	☐	☐	☐

12. I understand that, in order for my investments to keep pace with inflation, I need to take some investment risk.			
A. Strongly disagree	B. Disagree	C. Agree	D. Strongly agree
☐	☐	☐	☐

If you found the questions difficult to answer or understand, or have any other reservations about your responses, you may wish to speak to your adviser about risk in more detail.

Also, be aware that inconsistent answers can be identified, at the time of completing this document, using the guidance in the appendix.

Capacity for loss (protection of capital)

Select your ability to absorb any losses or tolerate failure to achieve your investment objectives. These are typical risks associated with investing in the stock market.

Low									High
10%	20%	30%	40%	50%	60%	70%	80%	90%	95%
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Notes - details of any discussions regarding Capacity for Loss and how your capacity was determined.

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Agreed risk profile

Natural risk level

Your **natural** risk level is based on the answers given in the Attitude to Risk Questionnaire. Your adviser can calculate this using the table in the appendix.

☐

Agreed risk level

Your **agreed** risk level is arrived at following an interactive discussion with your Adviser, taking into consideration your natural risk level, capacity for loss and required investment return.

☐

Notes - details of any discussions to reach your agreed risk level)

Other notes

Signature

Signature

Date questionnaire completed

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Appendix

Based on the client's responses, calculate the scores for each, as shown in the table below. Responses that represent potential inconsistencies are shaded in grey.

Question	Client responses				Client's score
	A	B	C	D	
1	5	10	15	20	
2	30	15	10	5	
3	20	15	10	5	
4	65	50	35	10	
5	5	10	15	20	
6	10	15	20	30	
7	40	30	20	10	
8	5	10	15	20	
9	5	15	20	25	
10	90	60	30	10	
11	85	65	45	25	
12	5	15	20	25	
Total					

The scores correspond to the 10 risk profiles as follows:

Overall score	0-125	130-165	170-215	220-245	250-275	280-305	310-375	380-425	430-450	455-480
Natural risk profile	1	2	3	4	5	6	7	8	9	10

Potentially inconsistent answers

If the client's final natural risk profile is **5 or higher** and they responded, as highlighted in grey above, to those questions, then there may be a level of inconsistency within their responses and you should discuss these with your client.

Question	Response
1. I would describe my investment approach as:	A = 5 (Cautious)
4. To see a respectable gain on my investment, I am:	D = 10 (Not willing to take risk with my assets)
6. In seeking a return on my investment, in the short-term I'm willing to accept:	A = 10 (No risk of capital loss)
7. If I thought there was a possibility of my investment losing money, I would:	D = 10 (Not invest)
11. When investing money to meet my objectives I would prefer to use:	D = 25 (Bank deposits)

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