

Risk Profile Questionnaire



Independent
Financial
Advice Centre

Lump Sum Investor: - Investment or Pension fund Risk and Return

Why take risk. Well you have no choice risk is inherent in everything where money is involved. Even Premium Bonds are "risky" if you want to maintain the buying power of your money. Unless you are lucky enough to win a rare large prize you receive no income from or growth on your bonds.

The fact is the higher the degree of "risk" you are prepared to take the higher the potential return (there's no point in taking "risk" otherwise!) BUT the higher the "risk" the higher any losses could be.

We have always overcome the "risk" problem using "Spread" i.e. not having all ones Eggs in one basket in simple terms. Just investing in Tesco shares alone is riskier than investing in Tesco and Sainsbury's shares, most of us will buy food at one or the other!

The questions overleaf are designed to try and help identify the level of investment risk you are prepared to take in order to achieve your objectives, which are normally: -.

- Real capital growth (a rate of return higher than inflation). A real rising income (as inflation increases your costs, your income must rise!) and avoiding tax.

Different investments carry different levels of risk as the table below shows. By changing the "mix" of investments we can match your portfolio to the level of risk you are prepared to take.

We have identified six levels of risk and depending on the points total overleaf you should find yourself in one of the following categories: - With less than 13 points we will be limited to recommending cash accounts.

Cautious 13 to 17 points. Portfolio 2 on the grid. Aimed at producing a better overall return than Cash over the longer term but limited inflation protection.

Moderate 18 to 23 Points. Portfolio 3 on the grid. Aimed at producing a better overall return than Cash and a better chance of beating inflation over the longer term.

Balanced 24 to 34 points. Portfolio 4 on the grid. As the name implies a good combination of potential with a reasonable balance between Cash and other assets that have a chance of protecting your capital against inflation.

Adventurous 35 to 41 points. Portfolio 5 on the grid. This portfolio is going for it and will suffer in hard times but the reward potential is high.

Aggressive Over 42 points. Portfolio five on the grid. Very little by way of safety. This portfolio is really only for money one can afford to lose but has the highest potential return as a consequence.

Portfolio	Points	Cash	Gilts/Fixed Interest*	Property*	UK Equities	Overseas Equities
Risk level		None	Low	Moderate	Medium	High
1 No Risk**	0-13	100	0	0	0	0
2 Cautious	13-17	40	15	15	20	10
3 Moderate	18-23	30	15	15	25	15
4 Balanced	24-34	20	10	10	40	20
5 Adventurous	35-41	15	7.5	7.5	40	30
6 Aggressive	41 +	10	5	5	50	30

** High Risk of inflation reducing the buying power of your capital

* Flexible depending on which is thought best at time of investing, could have nil property and/or fixed interest investments if unsuitable or wrong time to invest for example. NB These are not exact percentages, only a guide, as funds rise and fall in value and capital is spent it will also vary over time and hence the need for regular reviews.

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Please circle answer

1 IFAC is dealing with the following percentage of my total investment portfolio excluding money already planned for spending.

80-100%	60-80%	40-60%	20-40%	20% or less
3	3	3	4	5

2 I expect to need to draw income or spend some of my funds within the next:-

2-5 Years	5-8 Years	8-12 years	12-15 + years
2	3	4	5

3 I do not foresee any major expense before that time that could affect my plans

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

4 I expect the portfolio to be used to fund my daily living expenses in future

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

5 Protecting the buying power of the money I have is my highest priority

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

6 I always choose investments with the highest potential return

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

7 Controlling risk is more important than higher returns

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

8 To meet my investment goals I understand my investments must grow at more than inflation

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

9 I am not willing to wait several years to recover losses incurred in an extended downmarket

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

10 I prefer low risk investment even if returns are lower than inflation.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

Name..... Signed..... date

Name Signed.....date