

ADVICEWORKS LTD

Risk Assessment Questionnaire

By now you should have completed a full fact-find, to help identify your investment goals and priorities. They should have established that you are prepared to take some degree of investment risk to achieve your goals. **If you do not wish to expose your capital to any risk, then we should discuss alternative savings opportunities such as Cash Deposits and National Savings.**

The next important step is to understand your attitude to investment risk. While there are a number of different risks we will account for, most people understand investment risk as the likelihood and extent of a fall in the value of their investment.

The tendency for investments to rise or fall in value is known as 'volatility'. Volatility is the opposite of stability. The more volatile an investment, the more extreme the rises and falls in its value. This means there is more chance of extreme losses, but also potentially higher gains. Lower volatility means greater stability and less chance of an extreme fall in price, but also less chance of higher gains. However, the longer you hold an investment, the lower the impact of that volatility. Helping you find a portfolio that reflects a comfortable balance between potential gains and falls in value, requires finding your risk 'benchmark'. Your adviser will discuss this in detail with you in relation to your specific goals; for example how would you feel if your goal was not achieved?

To help ascertain your risk 'benchmark', please complete this questionnaire, ensuring all questions are answered. Remember that when considering different investment goals (eg school fees versus saving for retirement), you might answer the questions differently so please ensure that your answers relate to the particular investment in question only.

The resulting benchmark risk score will be between 1 and 10, with 1 being the most stable and 10 being the most volatile. A risk score of 1 will result in a portfolio consisting mostly of cash, while a risk score of 10 will indicate a portfolio very heavily weighted in shares. Scores between 1 and 10 will feature a broader mix of asset types.

The risk profile assessment is simply a guide based on information provided. Your financial adviser will explain what your risk benchmark score means in terms of potential gains and losses and help you decide whether to maintain, increase or decrease the risk level in the light of your particular investment goals and your full personal circumstances.

Please note that this risk assessment questionnaire is for information only and does not constitute advice or a recommendation.

Personal Details

Client name:

Adviser:

Date completed:

Investment Objective:

Monies available: £

Risk profile questions

1. When do you need this money, or how long do you want to hold on to this investment?

Enter a number of years from 3 to 30. This time period is very important in the risk assessment process.

2. Do you have an emergency fund to provide for unexpected expenses, to avoid needing to draw on medium to long term savings to meet immediate needs? (You should allow the equivalent of at least three months net income for emergencies).

- No
- Yes – but less than three months salary
- Less than six months salary
- Around one years salary
- More than two years salary

3. What is your expectation of future earnings over the next five years?

- I expect my earnings to decrease
- I expect my earnings to keep pace with inflation
- I expect my earnings to increase somewhat ahead of inflation
- I expect my earnings to far outstrip inflation
- I expect my earnings to fluctuate

4. What percentage of your total assets (excluding your home) are you proposing to invest now?

- Less than 25%
- 25% to less than 50%
- 50% to less than 75%
- 75% or more

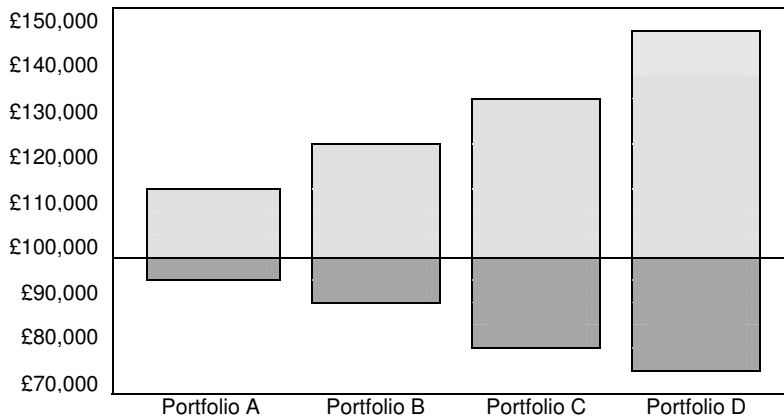
5. What statement most closely reflects your current financial situation?

- I am completely debt free
- I have no mortgage but have a few other obligations like credit card payments
- I have a mortgage but no other debts that concern me
- I have a mortgage and some short-term obligations
- I have a lot of long term obligations

6. Which statement best describes your objectives for this investment?

- Stability is more important than higher returns
- I want to achieve higher long-term returns than cash. I could cope with infrequent periods where my investments might fall in value.
- I want to achieve higher medium term returns than inflation. I understand there may be occasional extended periods where my investments might fall in value.
- I want the best long-term returns I get. I fully expect periods where the value of my investments might suffer extended falls.

7. At the beginning of the year you have £100,000 invested. The chart and table below show the performance of 4 possible investments. Each bar gives a range of possible values at the end of the same year. Which investment would you prefer?



This chart is for illustrative purposes only and does not reflect performance of a specific index or fund.

- Portfolio A: £93,000 to £113,000
- Portfolio B: £85,000 to £125,000
- Portfolio C: £77,000 to £137,000
- Portfolio D: £69,000 to £149,000

8. Which level of fall in the value of this portfolio over a one-year period would concern you, bearing in mind that the investment in shares requires a long term view?

- More than 5%
- More than 10%
- More than 15%
- More than 20%
- I am not concerned about falls in value as I expect to recover any falls by the time I need to sell my portfolio

9. Suppose one year ago you invested £100,000 in a portfolio. Today you've checked its value and find it is now worth £87,000. How would you feel?

- Panic – I'd want my adviser to sell and invest the proceeds in cash
- Nervous – I'd want my adviser to sell part of the portfolio and invest the proceeds in a less volatile investment
- Patient – I'd sit tight, expecting the portfolio to recover
- Positive – If I had any more money I'd invest in the same portfolio

10. You are more concerned that your investments grow faster than inflation, than you are about your returns over any one-year period:

- Strongly agree
- Agree
- Disagree
- Strongly disagree

11. If you could increase the chances of improving the returns by taking more risk, would you be:

- Willing to take more risk with all of the money?
- Willing to take more risk with half of the money?
- Willing to take more risk with a quarter of the money?
- Unlikely to take much more risk?

Signature

I will input your answers on the Online Risk Profiler, which will compute a suggested risk score and asset allocation. The risk score gives an indication of the level of risk you may be prepared to take with this investment on a range from 1 (low risk) to 10 (high risk).

As mentioned earlier, the risk score is only a guide and you can decide with my help to invest more conservatively or more aggressively.

Signed:

Date: