

eValue Attitude to Risk Questionnaire Results

PERSONAL DETAILS

Date

08/03/2017

Name

Test, A

QUESTIONNAIRE ANSWERS

1. I would enjoy exploring investment opportunities for my money.

In between - I agree and disagree equally with this statement

2. I would go for the best possible return even if there were risk involved.

Sometimes

3. How would you describe your typical attitude when making important financial decisions?

Fairly cautious

4. What amount of risk do you feel you have taken with your past financial decisions?

Small

5. To reach my financial goal I prefer an investment which is safe and grows slowly but steadily, even if it means lower growth overall.

In between - I agree and disagree equally with this statement

6. I am looking for high investment growth. I am willing to accept the possibility of greater losses to achieve this.

I tend to disagree with this statement

7. If you had money to invest, how much would you be willing to place in an investment with possible high returns but a similar chance of losing some of your money?

Less than half

8. How do you think that a friend who knows you well would describe your attitude to taking financial risks?

A thoughtful risk taker

9. If you had picked an investment with potential for large gains but also the risk of large losses how would you feel:

A little concerned

QUESTIONS (continued)

10. Imagine that you have some money to invest and a choice of two investment products, which option would you choose?

A mixture of low average annual return but almost no risk of loss and high average annual return but some risk of loss

11. I would prefer small certain gains to large uncertain ones

In between - I agree and disagree equally with this statement

12. When considering a major financial decision which statement BEST describes the way you think about the possible losses or the possible gains?

I am conscious of the possible losses

13. I want my investment money to be safe even if it means lower returns

I tend to agree with this statement

Investment Term

Long (15+ years)

This is a sample Attitude to risk report
for information purposes
only

ATTITUDE TO RISK

Based on your answers to the risk questionnaire, you have the following attitude to risk:

3

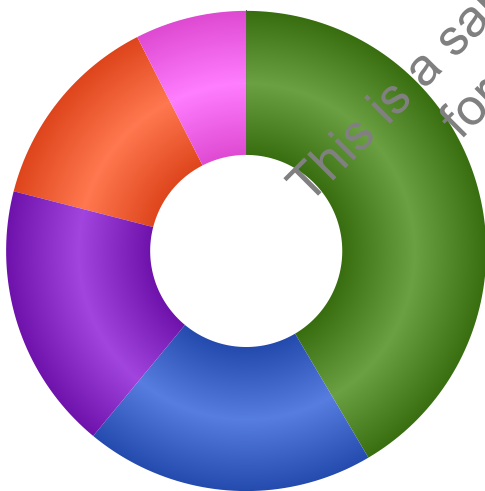
out of 5

Moderate

The responses to the questionnaire suggest that your attitude to risk is in the **Moderate** category. There is **34%** chance that your attitude to risk is in the **Cautious to Moderate** category and **<1%** chance that your attitude to risk is **Moderate to Adventurous**.

You are prepared to take a moderate amount of investment risk in order to increase the chance of achieving a positive return. Capital protection is less important to you than achieving a better return on the investment. A typical Moderate investor will usually invest in a variety of assets to obtain diversification and therefore reduce risk. Equities and property, which can boost longer term returns but are associated with more risk, would often account for a higher proportion of assets than fixed interest gilts and bonds or cash. At shorter investment terms the proportion of higher risk assets is usually reduced. The range of asset types helps reduce the overall risks while increasing the chance of better returns.

Suggested Asset Mix based on Long (15+ years) years investment



UK Equities	19.50%
Developed International Equities	41.50%
Government Bonds	13.50%
Index-linked Bonds	0.00%
Corporate Bonds	18.00%
Emerging Markets	0.00%
Property	7.50%
Cash	0.00%

ATTITUDE TO RISK - ADDITIONAL QUESTIONS

We have had a discussion based on the results of your questionnaire, and have captured the following.

Will this investment need to cover your expenses in an emergency? If yes, how will you cope with this situation?

No No, I have sufficient income and I am looking to invest this for the long term towards retirement.

Will this investment provide for your current / future daily living expenses? If yes, what other sources of income do you have to meet your expenses?

No No, I am a director of my own company and have other reserves I can use if my income reduces.

Is this investment a significant proportion of your total wealth?

No I have cash reserves and I own my own property. However, I am not willing to take too much risk with this investment.

Do you have any major financial commitments that could mean you need to access this money earlier than you currently think?

No Nothing is foreseen in the short term future.

Do you have any dependents who rely on you financially?

Yes Yes, I have a husband and two children living at home. My husband is employed but I am the main income earner in the family.

Are there any other factors such as profession or former profession that could be relevant to the knowledge or experience of the client?

No I understand investments having invested in stocks and shares ISAs previously. That said these were from direct offer and I now I need to have advice as to whether they are invested appropriately.

Have you made any investments in the past? If yes, which types of investments?

Yes I hold ISAs which are stocks and shares based. That said these were from direct offer and I now I need to have advice as to whether they are invested appropriately.

Client Signature

Date

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This Attitude to Risk questionnaire has been statistically tested and validated in for a broad range of UK investors who were engaged in an investment advice meeting conducted by a financial advisor. The statistical validity of an ATR questionnaire is dependent on the socio economic and demographic background of participants and the manner in which the questionnaire is administered. For this reason the results from questionnaire should not be regarded as the definitive answer but rather as an informed starting point for a discussion with a client on investment risk in the context of that client's objectives and the financial significance of the investment being made. The questionnaire is only suitable for use with an investor who is prepared to take a degree of investment risk and is not designed to identify those investors who are not prepared to take any investment risk.

Glossary

Is the questionnaire validated?

Yes. The questionnaire design has many rigorous steps which are outlined below. More details can be seen in our factsheet.

- Review the bank of questions available to ensure suitability for the expected user base
- Trial the questions with clients receiving advice
- Assess the questionnaire validity using statistical analysis
- Select the questions to ensure the range
- Allocate the scoring algorithm using independent expert groups
- Retest the questionnaire to ensure statistical robustness.

Chosen questions:

- Are clear
- Avoid complex language
- Don't require prior investment knowledge or experience
- Are not biased in the way they ask the question
- Are tested to be statistically proven to be representative of a client's risk
- Cover areas of emotional, scenario setting, past behaviour and self-assessment

How does the risk questionnaire work?

The answer to each question is given a score, which when totalled is compared against a score card to identify the risk category. We also provide further detail on where within the risk profile banding the result lies.

What unit of measurement do you use for attitude to risk?

Risk levels are subjective and as a result there is no standard unit of measurement for investment risk. Instead, we use a scale which covers all investors taking some degree of risk against which the investor's attitude is compared based on the answers given.

Why is age not included in the risk questionnaire?

An individual's attitude to risk is not considered to be dependent on the age of an investor. Clearly when the product and investment choices are considered age will be one of the additional factors which should be included.

Does this questionnaire meet the FCA requirements for quality of questionnaire?

eValue offers all the best practice elements that an adviser needs to ensure that investment recommendations can be made which are suitable to a client's risk profile. These are summarised in the table below.

FCA good practice recommendation	eValue risk profiler
Capacity for risk	Additional questions are included after the psychometric questionnaire to assess capacity for risk. These can be configured to meet advisers requirements.
Clearly worded and easily understandable questions	All questions are trialed with target investors before being used in questionnaires to ensure that they are easily understood and unambiguous.
Information on investment objectives	eValue incorporates the term of the investment in the assessment of an investor's risk profile and goals can be set to see potential outcomes.
Clear descriptions of risk	eValue communicates investment risk in multiple ways through: clear wording, visuals that communicate short term volatility and forecasts of potential longer term outcomes.
Sensitivity to answers to individual questions	Questions are trialed and answers tested for consistency with additional questions incorporated to reduce the sensitivity to the answer given to any one question.
Regular management information on the results of risk profiling tool	The eValue psychometric risk questionnaire includes demographic information so that management information on the distribution of risk profiles is continuously available online in aggregate and by individual firm or adviser
Regular updates of client risk profiles	A record of clients risk profiles is maintained and changes recorded over time.
Avoidance of wide risk bands that include clients with very different risk profiles in same risk band	The position of a client's risk profile in the risk band is shown and the probability of the client being in an adjacent risk band given.
Client engagement and understanding	eValue offers alongside its psychometric risk questionnaire some quick and simple stochastic forecasting tools which can illustrate potential outcomes from investment solutions matching different risk profiles. The whole risk assessment process is captured in a client report.
Investment recommendation consistent with client's risk profile	Stochastic modelling allows investment recommendations to be matched precisely to risk profiles with a clear definition of the boundaries for each risk profile.
Guidance on the use of risk profiling tools	Extensive information on the methodology used to construct a psychometric risk questionnaire is available together with a guidance note on how it should be used.

How are the risk descriptions created?

The descriptors need to have the following characteristics:

- Each risk category description should be able to be understood on its own, without reference to any other risk category description. This means that words like 'more risk' or 'less risk' should not be used. Our standard risk descriptions explain the level that is expected for that risk profile without referring or comparing themselves to any other risk profile.
- Should explain the risk that is applicable to the profile and provide a means of checking that the risk level is appropriate for the investor. The wording includes a description of the type of risk that might be encountered for someone with that profile, as well as example investments for comparison.
- Be clearly differentiable between categories. To ensure a set of clearly different categories, we have produced 5 risk descriptions. When using words to describe risk it becomes difficult and rather spurious to distinguish between 10 levels of risk. The numerical and category name provides the risk level on a scale of 1 to 5 and the descriptions allow this to be communicated to the clients.
- Be consistent with the asset allocations being suggested. The eValue descriptions are designed to be used with the eValue risk questionnaire and asset allocations and as a result they are all consistent. For example, the reference to example assets within a risk category corresponds to the allocation of assets for the same risk category.