



Risk Assessment Questionnaire

How much speculation can you cope with?

Name.....

Please circle the option that best describes how you feel about each question.

1. How would you rate the degree of risk you are willing to take in your financial affairs?

- a) Extremely low risk
- b) Low Risk
- c) Moderate Risk
- d) High Risk
- e) Extremely High Risk

3. In comparison with other people I am more willing to make high-risk investments.

- b) I agree
- c) I neither agree or disagree
- d) I disagree
- e) I strongly disagree

2. I am prepared to forgo large gains if the value of my investment is secure.

- a) I strongly agree
- b) I agree
- c) I neither agree or disagree
- d) I disagree
- e) I strongly disagree

4. What is more important for your investments - the risk or the potential gains.

- a) Always the risk over the gain
- b) Usually the risk over the gain
- c) I focus on risk and gain equally
- d) Usually gain more than risk
- e) Always gain more than risk

5. What degree of risk do you think you have taken with your PAST financial decisions?

- a) Very small
- b) Small
- c) Moderate
- d) Large
- e) Extremely Large

6. What degree of risk do you think you will take with your FUTURE financial decisions?

- a) Very small risk & very small returns
- b) Small risk & small returns
- c) Moderate risk and returns
- d) Large risk and large returns
- e) Extremely large risk & returns

7. Have you ever borrowed money for the purpose of an investment (other than a mortgage)?

- a) No
- b) Yes

8. Would you consider borrowing in the FUTURE to make an investment other than a mortgage?

- a) No
- b) Yes

9. Parts a, b, c, d, e, f. Experts tell us the value of investments can go up as well as down and you must be prepared to weather a downturn. How upset would you be if your investments fell by the following values in one year?

b 10%	1	2	3	4	5
c 20%	1	2	3	4	5
d 30%	1	2	3	4	5
e 40%	1	2	3	4	5
f 50% or more	1	2	3	4	5

10. Financial Advisers usually invest money (in a portfolio) across a spread of investments. From the model below what sort of Investment Model most appeals to you? Model One Low risk, low return or Model Five (say) High risk, high return.

Portfolio	High Risk/Return	Medium Risk/Return	Low Risk/Return
1	0%	0%	100%
2	10%	20%	70%
3	20%	60%	20%
4	70%	20%	10%
5	100%	0%	0%

11. What is the CURRENT amount of insurance that you have (life insurance, medical insurance, home insurance, travel insurance?)

- a) Much less than people I know
- b) Less than people I know
- c) About the same as people I know
- d) More than people I know
- e) Much more than people I know

12. What is the FUTURE amount of insurance that you will buy (life insurance, home insurance, medical insurance, travel insurance?)

- a) Much less than people I know
- b) Less than people I know
- c) About the same as people I know
- d) More than people I know
- e) Much more than people I know

13. If a long-term investment of six years was going down in value, how long would you wait before you withdrew it from the market and cashed it in?

- a) As soon as any loss was seen
- b) Wait for 6 months
- c) Up to a year
- d) Between one and two years
- e) Over two years?

14. I can tolerate the risk of large losses in my portfolio to increase the chance of higher returns?

- a) I strongly agree
- b) I agree
- c) I neither agree or disagree
- d) I disagree
- e) I strongly disagree

15. If my stocks and shares dropped by a value of 20% I would take that as a good time to....

- a) Sell them
- b) Do nothing
- c) Buy more stocks and shares

16. You are considering investing £20,000. Choose a model of investment from the table below

There is a 50/50 chance that the investment will go either up or down with Investment A for example always ending with what you set out with. However Investment F will be more likely to lose some of your original investment but at the same time offering much higher returns.

Which model would you choose?

Investment A	
£20,000	£20,000

Investment B	
£19,000	£24,000

Investment C	
£18,000	£31,000

Investment D	
£17,000	£38,000

Investment E	
£15,000	£45,000

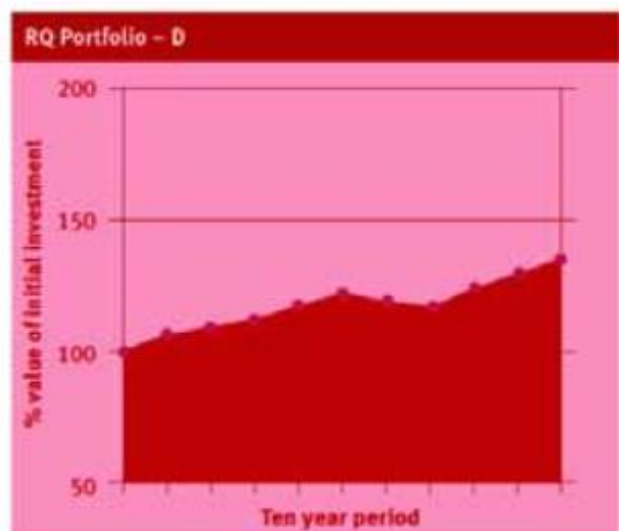
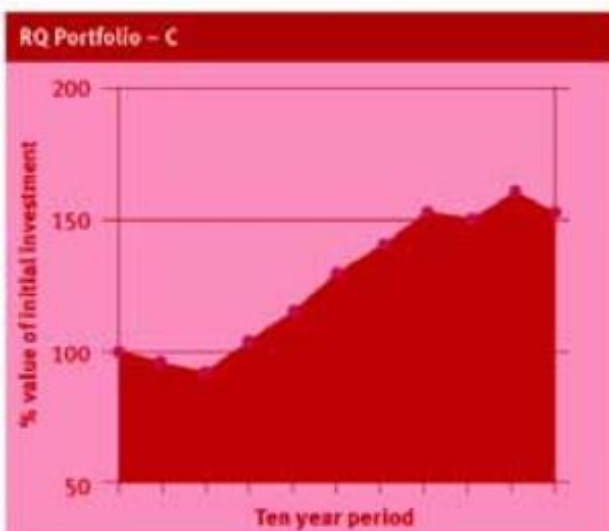
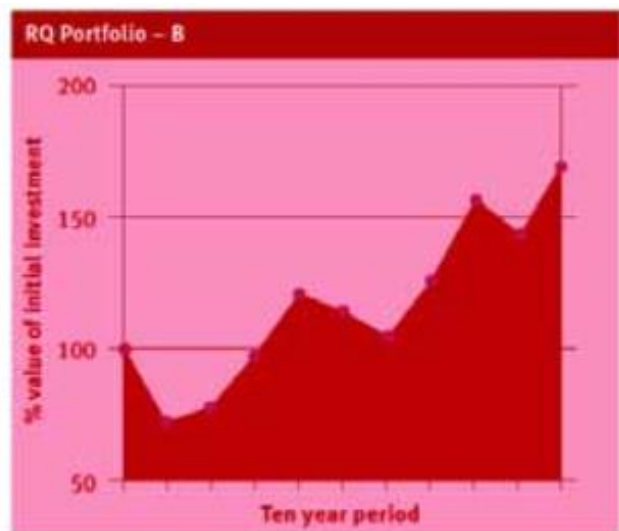
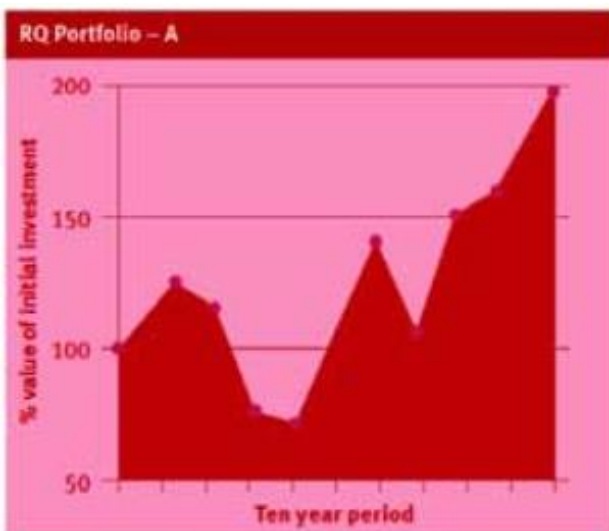
Investment F	
£14,000	£52,000

The graphs below show a hypothetical performance over a period of ten years.

Portfolio A doubled its value over 10 years but suffered large losses some years and large gains in other years. Portfolio D grew by a much smaller amount but was steady year on year. Portfolios B and C are intermediate between A and D both in their growth and year on year fluctuations.

This question should only be considered in the context of your overall assessment of risk tolerance AS PAST PERFORMANCE CANNOT BE COUNTED UPON TO DETERMINE FUTURE GROWTH.

However, considering your personal circumstances and reasons for investing (pension, income growth etc) which portfolio would you choose for the future?





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