



# Mulberry

C H A R T E R E D

## Risk Profile & Capacity For Loss Questionnaire

### 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.

This 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.

#### 1 Personal details

Title  
 Mr     Mrs     Miss     Other please specify

Surname

Full forename(s)

Date of birth dd mm yyyy  
 /  /

Postcode

## 2 Risk profile questions

1. How long before you expect to start taking retirement income?

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.) Please tick (✓)

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

3. What is your expectation of your future earnings up to retirement? Please tick (✓)

- 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 fluctuate
- I expect to retire shortly

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

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

5. Which statement most closely reflects your current financial situation? Please tick (✓)

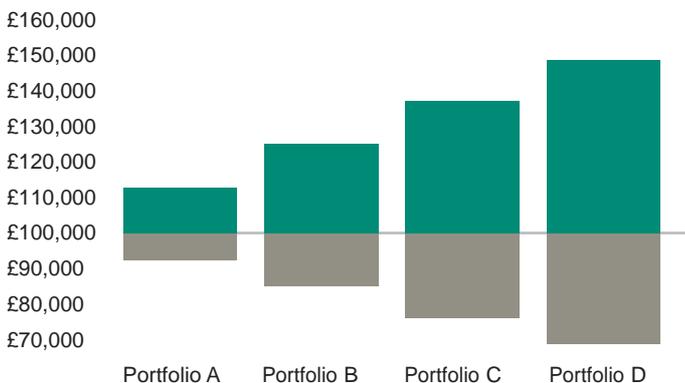
- I am completely debt free
- I have no mortgage but have a few other obligations like credit card payments
- I have a mortgage but no other debts that concern me
- I have a mortgage and some short-term obligations
- I have a lot of long-term obligations

6. Which statement best describes your objectives for this investment? Please tick (✓)

- 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 can 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 options below show the performance of four possible investments. Each bar gives a range of possible values at the end of the same year. Which investment would you prefer? Please tick (✓)

Potential best and worst case end values



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

- Portfolio A: It could be worth anywhere between £93,000 and £113,000
- Portfolio B: It could be worth anywhere between £85,000 and £125,000
- Portfolio C: It could be worth anywhere between £77,000 and £137,000
- Portfolio D: It could be worth anywhere between £69,000 and £149,000



## Your Capacity for Loss

The following questions do not impact the results of the attitude to risk questions. Where those questions are designed to determine your attitude, the following are designed to establish what risks you can realistically afford to take. Your answers to the following questions are designed to help you and your Adviser determine what type of investment risk and potentially what type of protection would help you to meet your intended goals.

### If you are investing to generate an income

1. **How long do you intend to hold this investment before you start drawing an income from it?** (please circle)
  - a. Within the first 5 years
  - b. Between 5 and 10 years
  - c. Over 10 years
  - d. I do not have a fixed term
  
2. **How much would your standard of living be affected if the income from this investment were to fall below your expectations?** (please circle)
  - a. It would have a significant impact. I cannot afford for this income to decrease and I will struggle financially.
  - b. It would cause me to re-assess my standard of living and make some cut-backs
  - c. Not much as I have alternative investments to maintain my lifestyle
  
3. **If you needed emergency funds, would you consider taking them from this investment?** (please circle)
  - a. I have no other alternative. I would most certainly need to access this investment
  - b. I would consider taking funds from this investment if necessary
  - c. No. I have other savings that I can use for emergencies.

### If you are investing to generate capital growth

4. **How long do you intend to hold this investment before you use it?** (please circle)
  - a. Within the first 5 years
  - b. Between 5 and 10 years
  - c. Over 10 years
  - d. I do not have a fixed term
  
5. **How much would your standard of living be affected if this investment were to perform below your expectations?** (please circle)
  - a. It would have a significant impact. I cannot afford for this investment to not meet my goals.
  - b. It would cause me to re-assess my standard of living and make some cut-backs
  - c. Not much as I have alternative investments to maintain my lifestyle
  
6. **If you needed emergency funds, would you consider taking them from this investment?** (please circle)
  - a. I have no other alternative. I would most certainly need to access this investment
  - b. I would consider taking funds from this investment if necessary
  - c. No. I have other savings that I can use for emergencies.

**For Adviser Use**

**Capacity for Loss Scoring**

Circle the appropriate value for each response and note the total for each question.

**Step One - Scoring**

Circle the appropriate value for each response and note the total for each question.

Income				Capital Growth			
Answer	1	2	3	Answer	4	5	6
A	1	1	1	A	1	1	1
B	4	6	6	B	4	6	6
C	8	10	10	C	8	10	10
D	10			D	10		

Total score (Income):  Total score (Capital Growth):

Please indicate your client's score using the following table and see our definitions below. Please note that the table below is based on either the income questions or the capital questions but not both combined.

Score from questionnaire	Capacity for loss
<b>21-30</b>	<b>High</b>
<b>11-20</b>	<b>Medium</b>
<b>3-10</b>	<b>Low</b>

**Low capacity of loss**

The client cannot afford for the investment to not meet their objectives as failure to do so could have significant consequences on their standard of living. This may be further compromised as there is higher possibility that they will need access to the money within their investment time-line.

**Medium capacity for loss**

The client may be able to afford slight under-performance of the investment but it will cause them to adapt their standard of living.

**High capacity for loss**

The client can afford to take the risks associated with their chosen attitude and can withstand any under-performance.