

Your attitude to risk

Risk assessment questionnaire

To assess attitude to risk for investment please answer each of the following questions:

1. I need to be sure that I reach my target, even if this means saving more and accepting potentially lower investment returns.
 - A. I strongly agree .
 - B. I agree .
 - C. Not sure .
 - D. I disagree .
 - E. I strongly disagree .

2. Achieving high expected long term investment returns are important to me and it does not matter if my investments temporarily fall in value.
 - A. I strongly agree .
 - B. I agree .
 - C. Not sure .
 - D. I disagree .
 - E. I strongly disagree .

3. Assuming that you are investing for the long term, what is the maximum drop in your portfolio's value that you could tolerate in any given year before feeling uncomfortable?
 - A. A 5% drop is all that I could live with .
 - B. A 10% decline is something that I could tolerate .
 - C. A 15% drop is about all I could stand .
 - D. A 20% drop is pretty much my limit .
 - E. I am comfortable with declines of more than 20% .

4. You invest £10,000 in an investment that drops £1500 in value the following month. You:
 - A. Put in another £10,000 while it is down .
 - B. Sit tight because you did the research .
 - C. Would be concerned, but would keep it .
 - D. Wait for the investment to regain the £1,500 loss, then sell it .
 - E. Sell and go back to a deposit account .

5. You're faced with a choice between greater job security with a small pay raise or a much higher pay raise but less job security. Which would you select?
 - A. I would definitely choose greater job security .
 - B. I would probably choose greater job security .
 - C. I'm not sure what I would do .
 - D. I would probably choose the higher pay rise .
 - E. I would definitely choose the higher pay rise .

6. How would your spouse or best friend describe you as a risk taker?
 - A. Adventurous .
 - B. Willing to take risks after research .
 - C. Cautious .
 - D. Risk adverse .
 - E. Afraid of your own shadow .

7. I usually feel confident after making a financial decision I wasn't expecting to have to make.
- A. I strongly agree .
- B. I agree .
- C. Not sure .
- D. I disagree .
- E. I strongly disagree .
8. When making an important investment decision, which seems more important to you?
- A. I would consider the potential losses first .
- B. I would consider the potential loss somewhat as I don't want to risk too much of my capital .
- C. I would aim to equally balance the risks I was taking with the rewards I was expecting .
- D. I would consider the potential gain first and be willing to take some risks to see higher returns
- E. My focus would be on the potential long term gains and I would be willing to take the risks in this context
9. I often take the time to reflect on my past financial decisions before I proceed.
- A. I strongly agree .
- B. I agree .
- C. Not sure .
- D. I disagree .
- E. I strongly disagree .

The risk questionnaire

This questionnaire is designed to give only a broad indication of your general tolerance to investment risk.

Question	points	Question	points	Question	points	Question	points
1a	1	3b	4	5c	4	7d	2
1b	2	3c	5	5d	5	7e	1
1c	4	3d	6	5e	7	8a	1
1d	7	3e	7	6a	7	8b	2
1e	8	4a	7	6b	4	8c	4
2a	7	4b	5	6c	3	8d	7
2b	5	4c	4	6d	2	8e	8
2c	4	4d	2	6e	1	9a	1
2d	2	4e	1	7a	7	9b	2
2e	1	5a	1	7b	5	9c	4
3a	1	5b	2	7c	4	9d	7
						9e	8

If you have scored from 9 – 35 = LOW RISK
 If you have scored 36 – 62 = MEDIUM RISK
 If you have scored 63 and above = HIGH RISK