

**Medical Investment & Advisory Services LLP  
Risk Assessment Questionnaire**

**YOUR NAME** :

**DATE** :

**WHAT IS THE PURPOSE OF THIS QUESTIONNAIRE?**

Risk management is one of the most important aspects of designing an investment portfolio. The strategy that is adopted for any client must reflect the degree of risk and the potential for loss of money to a client.

This questionnaire is designed to help us to assess your innate ability as an investor, your attitude to the risks involved in investing and the losses that may occur through investing in assets of varying risk and to what degree this is acceptable to you under normal market conditions.

Medical Investment & Advisory Services LLP will then manage the portfolio against that assessment of risk and capacity for loss in changing market and economic conditions.

If you cannot or do not wish to accept any risk to your capital and you are willing to accept that the returns are unlikely to keep pace with inflation then you should confirm this below and leave the questionnaire blank.

I do not wish to take any risk with my investments and wish to invest in cash or absolutely guaranteed investments

YES / NO

**HOW RELIABLE CAN THE QUESTIONNAIRE BE?**

There is no such thing as the perfect, or even an accurate risk questionnaire. However, we have designed this questionnaire specifically to incorporate the better elements of other similar but unsatisfactory questionnaires available from risk analysts and in our view this questionnaire is the most accurate questionnaire in use today and as such it represents a real step towards accurately representing a client's attitude to risk and capacity for loss in changing economic conditions.

It is important that you appreciate that the assessment is designed to reflect a balanced market and we then – propose adjustments to reflect variations from the balanced position to reflect the economic background as it changes from time to time.

In addition we will manage the overall risk rating to adjust for changes in personal circumstances. It is therefore crucial that you let us know if and when any such changes occur.

**GENERAL QUESTIONS REGARDING YOUR INVESTMENTS**

The questionnaire is in two parts. The first part is designed to provide us with an assessment of your experience as an investor and how this translates into your attitude towards risk. The second part is aimed at describing and quantifying the level of risk that you are able to tolerate with varying effects upon your standard of living. The aim is to measure your ability to accept loss in the search for superior returns. The aggregate score will help us to manage your portfolio within the appropriate rating grouping.

Do you invest either direct or through another adviser in addition to us?

YES / NO

If so we will require further information on those investments.

Would you like us to invest a certain proportion in ethical investments? If so to what percentage?

YES. PERCENTAGE :

NO

When do you intend to start to draw a significant level of capital or income from your investments?

## SECTION 1 – GENERAL ATTITUDE TO RISK

This section aims to formulate an assessment of your overall innate attitude to the idea of taking a risk with your capital and how you perceive this relates to your timescale, the apparent increase or decrease in potential return through the acceptance or rejection of such risk and the academic emotional reaction you feel you would adopt in different circumstances.

### QUESTION 1

As an investor would you regard yourself as (please mark the most appropriate):-

	Points
Novice - Little or no knowledge or experience of investing. I am unlikely to be able to judge whether a particular investment is any more risky than an alternative.	0
Limited – I have some experience but little knowledge of investments. I am aware of the concept of risk but I am unable to differentiate to any appreciable degree between the risk that may attach to different investments	2
Knowledgeable – I have transacted various investments before and have some knowledge of how they work. I am aware that not only may this result in better returns but in an increased chance of losing money.	4
Experienced – I have several years' experience and a good working knowledge of investing. I am aware of the risk/ reward trade-off and I appreciate that an acceptance of a higher risk rating may result in greater rewards and greater losses.	6
Professional – I consider myself capable of dealing with my investments personally if I wished. I am able to assess the risk/ reward relationship and make decisions that do not jeopardise my investments beyond that which I am willing to accept.	8

### QUESTION 2

When considering making an investment, what degree of risk/ reward are you willing to accept?

	Points
Very low risk/ reward. This will ensure only a minimal loss of capital, although it is possible that the value of that capital may suffer in comparison to inflation.	1
Fairly Safe/ Low Reward. I am unwilling to risk losing more than a small proportion of my capital in an attempt to produce a modest real return against inflation.	2
Equal Risk/ Reward. I am willing to accept that I may lose as much as I may stand to gain.	4
Above average risk/ reward I am prepared to lose more than half the investment in return for the potential of higher rewards	6
Able and willing to take High Risk for High Reward. I am willing to lose most of my capital in an attempt to produce exceptionally high returns against inflation.	8

### QUESTION 3

The relationship between risk and potential reward is never equal. In other words the risk of losing 15% of your capital is unlikely to be matched with an equal chance of gaining 15%. Given this additional uneven risk or reward how willing would you be to accept a degree of risk?

	Points
Extremely unlikely	1
Possible but unlikely	2
Depends upon the circumstances	4
Likely	6
Probably	7

#### QUESTION 4

Risks may vary over time and certain risks may produce short-term losses, even though they may be lower risk investments over a longer term than other riskier investments. How uncomfortable would you feel if a lower risk long-term investment gave rise to sharp short term losses?

	Points
Very upset	1
Upset	2
Anxious but not worried	4
Questioning but philosophical	6
Unconcerned	7

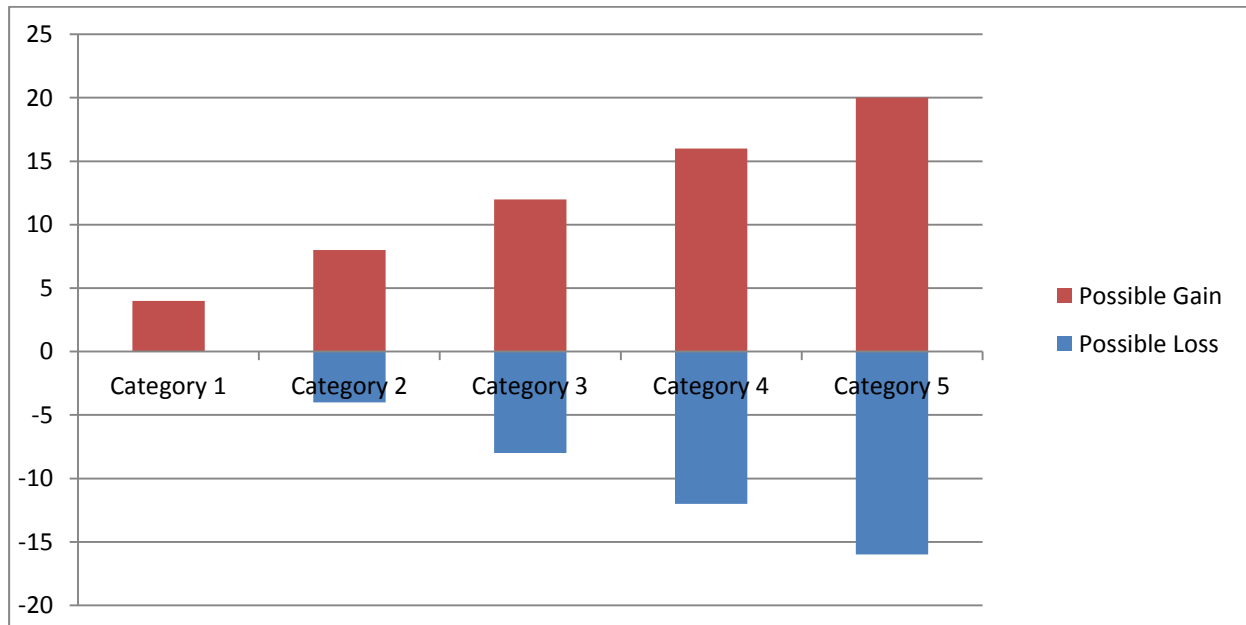
#### QUESTION 5

In order to maintain the value of money any savings or investment arrangement needs to at least match inflation. Usually this involves some level of risk. If inflation was to run at 3% per annum and you can only earn 2% in cash, what potential loss/ potential gain portfolio would you favour?

	points
Loss 0% Gain 2%	0
Loss 2% Gain 4%	2
Loss 4% Gain 6%	6
Loss 6% Gain 8%	8
Loss 8% Gain 10%	10

#### QUESTION 6

The acceptance of greater risks to achieve greater rewards may result in wide ranging possible outcomes. Which range of outcomes most closely matches the profile of investment that you are willing to accept, in the context of the indicated risk to your capital and potential loss that entails against the potential for greater rewards?



	Points
Category1	0
Category2	2
Category3	5
Category4	8
Category5	10

## SECTION 2 - ASSESSING YOUR CAPACITY FOR LOSS

This section seeks to assess how the reality of losing money would affect your attitude to risk in a way that an academic appreciation of risk cannot. The fact remains that many investors do not fully appreciate that the ability to lose a lot of money is a very real possibility if one invests in high risk investments. Furthermore, there is the risk of significant loss even over short periods of time from investments which are not, at first glance, regarded as being anything more than low risk. It is quite possible to imagine circumstances where a perceived safer option can produce a very poor result and it is absolutely crucial that we understand just how much loss investors are truly able to accept, both practically and emotionally, in accepting a degree of risk.

The following questions are designed to measure what the actual effect on your wealth a loss capital would create and not how you would react emotionally

### QUESTION 7

Leaving aside your natural feelings towards risk and gambling, to what extent could you afford to lose money invested in your existing or future portfolio?

	Points
£5,000	1
£25,000	3
£50,000	5
£100,000	8
£200,000	10

### QUESTION 8

If you were forced to sell all of your investments and savings realising a loss of 20%, how would this impact on your standard of living?

	Points
It would deteriorate to a serious level	1
It would be potentially damaging to my financial security	2
It would create short-term difficulties	5
It would have only a small impact	8
It would have no impact on my standard of living at all	10

### QUESTION 9

What percentage of your assets could you lose overnight before it would impact on your standard of living?

	Points
10%	1
20%	2
30%	5
40%	8
50%	10

### QUESTION 10

For every £1000 gain you might make on an investment, how much would you be able to lose without it impacting on your standard of living?

	Points
£100	1
£200	2
£300	4
£400	7
£500	10

**QUESTION 11**

At what point would you believe the accruing loss over an extended period was reaching an unacceptable level and would cash in an investment to avoid further losses even though a recovery may be around the corner?

	Points
5%	1
10%	2
20%	4
30%	7
45%	10

**SECTION 1 SCORE :** **OUT OF 50**

**SECTION 2 SCORE :** **OUT OF 50**

We have a duty to manage a client’s portfolio against a client’s stated aims and objectives following advice, which we are responsible to provide that gives due consideration to a client’s capacity for loss.

In reaching and agreeing a client’s final rating, therefore, we will accept a provisional rating based on a client’s attitude alone, but then seek further confirmation of the final rating once we have reviewed the rating against the capacity for loss element and made our recommendations to a client on how this should be reflected in the final agreed rating.

On receipt of the questionnaire, therefore, we will consider the rating and then report our findings to the client. We may propose that an adjustment should be considered to take account of the capacity for loss element.

We will then invite the client to review his or her decision and confirm the risk rating that should be used in our risk management processes.

Broadly speaking we will make the adjustment using the formula below, however, we may need to adjust this to take account of a client’s income and expenditure position.

We will then confirm the final rating to the client for agreement, before we make any adjustments necessary to balance the portfolio to the overall rating.

**PROPOSED OVERALL RISK RATING =**  
**2\*SECTION 1 SCORE \* (100 - SECTION 1)/ (100 – SECTION 2)**

**RISK RATING :** **OUT OF 100**

**CLIENT COMMENTS :**

## RISK RATING SUMMARY

Any client who requires absolute capital protection will automatically have a rating of 0.

<b>INVESTMENT RISK AVERSE</b>	<b>0 to 10</b>
Investors in this range are reluctant to accept any risk whatsoever, however, they understand that the only method of protecting the value of the capital is by accepting the small amount of risk required to build in some prospect of inflation protection.	
<b>VERY LOW RISK</b>	<b>11 to 20</b>
Investors in this range are unhappy with the prospect of losing money but accept that in order to stand any chance whatsoever of achieving a meaningful positive return that a small amount of risk to their capital is occasionally unavoidable.	
<b>LOW RISK</b>	<b>21 to 30</b>
Investors in this range are only willing to accept limited risk and to lose a small proportion of their capital. They accept that this may result in low returns which do not match inflation.	
<b>CAUTIOUS</b>	<b>31 to 40</b>
Investors in this range are willing to accept a modicum level of risk and a moderate loss of capital in return for the opportunity to produce returns that may keep pace with inflation	
<b>BALANCED RISK</b>	<b>41 to 50</b>
Investors in this range take a balanced view. They realise that a diversified portfolio may lose money, especially in the short-term and are comfortable with that, in the hope of achieving better long-term returns	
<b>ABOVE AVERAGE RISK</b>	<b>51 to 60</b>
Investors in this range are willing to accept risk and loss of capital in an attempt to obtain returns in excess of inflation	
<b>HIGH RISK</b>	<b>61 to 70</b>
Investors in this range are willing to take higher risks and accept the possibility of losing a significant proportion of an investment as part and parcel of a strategy aimed at achieving above average returns	
<b>ADVENTUROUS</b>	<b>71 to 80</b>
Investors in this range are willing to accept a very high level of risk and the possibility of loss of the majority of their capital in the search for returns well above inflation.	
<b>SPECULATIVE</b>	<b>81 to 90</b>
Investors in this category are unconcerned at the possibility of losing most of their capital. The priority aim is to achieve very high returns even if this means accepting exceptionally high levels of risk	
<b>HIGHLY SPECULATIVE</b>	<b>91 to 100</b>
Investors in this category regard their investments as being entirely speculative with no protection of capital required. The investment is intended to produce very high returns regardless of the levels of risk and volatility involved	

## NOTES

It is important that clients understand that the scores achieved in the rating process cannot form the sole basis for accurately assessing the risk attitude and the capacity for loss of clients. They augment the impressions established through discussions with clients and if it appears that discrepancies may exist then clarification will be necessary through further discussion.

Further information on the risk ratings attached to the different investment types can be found in Appendix 1 to this questionnaire. This is provided to give clients more information and a clearer understanding of the different risks and the rating attributable to each investment type.

The following notes attempt to give clients an understanding of how the rating process fits in with the continued monitoring of clients' risk ratings.

- 1 Any risk rating process is imperfect by definition. Medical Investment & Advisory Services LLP will continually assess how the ratings applied to clients compare with the observed behaviour and changing attitudes of clients to monitor how accurate the rating system is over time and any changes required to ensure continued suitability.
- 2 Risk ratings and a history of how they change over time, either through changes in a client's personal circumstances or in response to changes in external factors will be maintained to ensure the risk ratings are up to date and the portfolio allocations remain suitable.



**MEDICAL INVESTMENT & ADVISORY SERVICES LLP  
RISK ASSESSMENT QUESTIONNAIRE**

## APPENDIX 1 NOTES RELATING TO RISK RATINGS

The risk rating is shown as a score out of ten. In broad terms the rating scores equate to the following attitudes

0 to 10	Investment Risk Averse
11 to 20	Very Low Risk
21 to 30	Low Risk
31 to 40	Cautious
41 to 50	Balanced Risk
51 to 60	Above Average risk
61 to 70	High Risk
71 to 80	Adventurous
81 to 90	Speculative
91 to 100	Highly Speculative

## RISK RATINGS

SECTOR	RATING
INDEX-LINKED CERTIFICATES	0
CASH, PREMIUM BONDS	5
INDEX-LINKED GILTS	10
GILTS, GLOBAL INDEX-LINKED FUNDS	15
INVESTMENT GRADE CORPORATE BONDS	25
STRATEGIC BOND, UK PROPERTY, MIXED INVESTMENT 0-35% SHARES	30
WITH PROFITS, GLOBAL FIXED INTEREST	35
TARGETED ABSOLUTE RETURNS, MIXED INVESTMENT 20-60% SHARES, HIGH YIELD BOND,	40
GLOBAL PROPERTY, MIXED INVESTMENT 40-85% SHARES	45
UK TRACKER, UK EQUITY, EMERGING MARKET BONDS	55
EUROPEAN TRACKER, US TRACKER, EUROPEAN EQUITY, US EQUITY,	60
GLOBAL EQUITY, UK SMALLER COMPANIES	65
JAPANESE TRACKER, FAR EAST EQUITY, JAPANESE EQUITY	70
EUROPEAN SMALLER COMPANIES/ MARKETS, US SMALLER COMPANIES, GLOBAL SMALLER COMPANIES, CHINA	75
JAPANESE SMALLER COMPANIES, FAR EAST SMALLER COMPANIES/ MARKETS, INDIA, LATIN AMERICA, EMERGING MARKETS, SPECIALIST SECTOR	80
COMMODITIES	90

NOTE : WE DO NOT ADVISE ON OTHER ALTERNATIVE INVESTMENTS SUCH AS PEER TO PEER LENDING, ART, FINE WINE ETC. SUCH INVESTMENTS ARE EXCLUDED FROM OUR OVERALL ASSESSMENT AS WE HAVE NO RELIABLE BENCHMARK TO ASSESS THE RELATIVE RISKS INVOLVED.