

## MORNINGSTAR RISK TOLERANCE QUESTIONNAIRE

### About Morningstar

Founded in 1977, Morningstar has over three decades of investment experience including independent research providing the tools to empower investors to meet their financial goals. They first started developing risk-profiling tools for clients in the mid -1990's having consulted with leading scholars in the behavioural finance field to incorporate many best practices in their risk profiling questionnaire.

### Your Financial Risk Tolerance Profile

The results of this risk tolerance questionnaire help your financial adviser to better understand you and make recommendations that are the right 'fit' for you.

We recommend you discuss your risk tolerance profile with your financial adviser and find out how your risk tolerance fits with your asset structure.

In the questionnaire, you are asked about your attitudes, values, and experiences. There are no right or wrong answers - it is more like having your pulse or blood pressure measured.

### How the Questionnaire Works

The questionnaire is a series of easy to complete multiple-choice questions. Like all multiple-choice questionnaires, sometimes none of the answers will match exactly what you want to say. When that happens, choose the answer that is the closest or 'best fit' to your response. Please only select one answer per question.

Similarly, give your 'best fit' answer for questions that ask about a situation that isn't relevant to you, or in situations where you would normally seek further information.

**Remember – there are no right or wrong answers.**

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## RISK PROFILER QUESTIONNAIRE

Please complete the questionnaire and return it to your financial planner.

### QUESTION 1

What is your main investment goal? **Quick tip (Think about what you are saving for. Do you expect your savings to grow for a future payout, for example, retirement, a child's education, or to increase your money or leave an inheritance? Or will you use these savings to add to your income immediately?)**

- A Income
- B Growth

### QUESTION 2

Investing comes with the possibility of losing some of the money you have invested. In an effort to achieve a higher return than an investment such as a bank account, do you accept a degree of risk with your money?

- A. Yes, I understand that investments can rise and fall in value and that I could lose some of my money.
- B. No, I am not willing to see my money fall in value or lose any part of my investment.

### QUESTION 3

What impact would it have on your standard of living if you were to lose money on this investment? **Quick tip (Losing money here refers to the value of your investment portfolio falling below the amount you originally invested because of a drop in the market. For example, if you gave your adviser £50,000 to invest and later the value of your investments fell to £47,500.)**

- A. It wouldn't have an impact on my standard of living and i wouldn't need to use any additional resources (for example, savings) as a result.
- B. I have other resources I could fall back on.
- C. It would have an impact on my immediate standard of living.

#### QUESTION 4

When do you want to start spending the money you will save in this account?

- A. Immediately or within the next three years
- B. Within three to four years
- C. Within five to six years
- D. Within seven to 10 years
- E. Not within the next 10 years

#### QUESTION 5

Once you start spending your money, how long do you expect to continue to withdraw funds from your investment portfolio? **Quick tip (Do you want to spend all your money at once, for example to buy a house? Or do you plan to make the money last over a longer period, for example by paying yourself a yearly income once you retire?)**

- A. I plan to withdraw all of my money at once.
- B. I will make withdrawals over two to five years.
- C. I will make withdrawals over six to 10 years.
- D. I will make withdrawals over 10 years or more.
- E. I don't intend to withdraw the money.

#### QUESTION 6

Once you start to spend the money in your investment portfolio, how much do you plan to withdraw? **Quick tip (If your investments are worth £100,000 and you want to withdraw a yearly income of 4%, you will need to take out £4,000 each year.)**

- A. I do not intend to take withdrawals.
- B. I plan to withdrawal between 0% and 4% of the value of my investments each year.
- C. I plan to withdraw between 4% and 8% of the value of my investments each year.
- D. I plan to withdraw more than half of the value of my investments within three to 10 years.
- E. I plan to withdraw all of my investments at once.

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## SECTION 2

### QUESTION 7

Some investments offer the opportunity for a greater gain but with the risk of a greater potential loss. Look at the five scenarios represented below. Which one would you put your money in?



## SECTION 3

### QUESTION 8

Imagine you have invested £100,000. Which of the five scenarios below would you want for your investment portfolio?

	Best-case increase (£)	Most likely result (£)	Worst-case losses (£)	Which Portfolio would you prefer to hold?
<input type="checkbox"/> Scenario 1	13,000	3,000	-11,000	Number 1
<input type="checkbox"/> Scenario 2	15,500	4,000	-12,500	Number 2
<input type="checkbox"/> Scenario 3	20,000	5,000	-16,500	Number 3
<input type="checkbox"/> Scenario 4	24,500	6,000	-21,500	Number 4
<input type="checkbox"/> Scenario 5	28,000	6,500	-25,500	Number 5

### QUESTION 9

Investing involves a trade-off between risk and returns. In the past, investments with higher returns have been associated with greater risk and chance of loss. Whereas cautious investments that have had a lower chance of loss also have achieved lower returns. Which of the following statements best describes your attitude to risk?

- A. I am most concerned with risk. I am willing to accept lower returns in order to limit the risk of loss.
- B. I am willing to accept some risk and chance of loss in an effort to achieve modest but somewhat higher returns.
- C. I am willing to accept moderate risk in order to achieve higher returns. Reducing risk and increasing returns are equally important to me.
- D. I want to achieve strong returns on my investments. I am willing to accept somewhat higher risk and chance of loss.
- E. I am mainly concerned with getting the highest possible returns on my investments. I am willing to accept significant rises and falls in the value of my investments and a significant chance of loss.

### QUESTION 10

Imagine your adviser has invested £100,000 of your money and it's fallen in value to £80,000. Assuming that this happens at an early stage of your intended investment period, how would you react to this £20,000 loss?

- A. I would not change my investment plan.
- B. I would wait at least one year before changing to investment options that are more stable.
- C. I would wait at least six months before changing to investment options that are more stable.
- D. I would immediately change to investment options that are more stable.

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### QUESTION 11

The value of investments varies from year to year. Suppose you invested £100,000. How much money would you need to lose before you wanted to move your money into a more stable investment?

- A. £5,000 or less
- B. £10,000
- C. £15,000
- D. £20,000
- E. It is unlikely I will move my money even if my investment falls in value.

### QUESTION 12

How does your concern about losing money manifest itself in relation to your investment?

- A. I would sell my investments.
- B. I would be worried but not uncomfortable enough to sell my investments immediately. If my investments suffered losses over several months, I would probably sell.
- C. I would wait a full year before making changes to my investments - short-term losses in the value of my investments do not bother me.
- D. I would not make changes - I understand that investments can have occasional negative yearly returns. However, I have a higher chance of reaching my investment goals if I stick with my investment over the long term.

### QUESTION 13

Which of the following best describes your view on investing?

- A. My investments don't have to grow, I just want my money to be safe.
- B. I can accept lower growth for greater certainty.
- C. I am more concerned about the possible losses than the possible gains.
- D. I can accept possible losses for long-term investment growth.
- E. To achieve high levels of growth, it is necessary to take risk.

Name:

Signature:

Date:

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## YOUR INVESTMENT EXPERIENCE

**It is important at the start of a relationship with a financial adviser that they know a little about your experience in terms of investments. This form below is for you to indicate your experience to date. Please tick the one that applies to you.**

Which of the following best describes your knowledge and experience?

KNOWLEDGE RATING	CLIENT	PARTNER	DEFINITION & EXAMPLES OF INVESTMENTS
Very limited investment experience & knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<p>You have very limited investment experience and monies are predominantly held in Bank or Building Society deposit / notice accounts and you are likely to have used the default fund choice for your pension.</p> <p>You only have a basic knowledge as to how these products work and may rely on a high degree of professional advice before taking decisions.</p>
Some investment experience & knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<p>You have some investment experience, having typically invested in low to medium risk products/investments and reviewed these infrequently, such as National Savings or Balanced/Mixed asset funds and perhaps have switched funds in your pension or held an equity type investment. Or, if you have a portfolio managed on your behalf, this has been active for less than 5 years. You have a fair knowledge and understanding of how these investments work, as well as the benefits and risks associated with each one.</p>
Experienced investor with good investment knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<p>You have frequently invested over many years in a diversified portfolio of investments (and if this is managed on your behalf, you have gained a good understanding of investment terms and volatility) and have a good all round knowledge of the key features and risks involved with each investment.</p> <p>Your spread of investments and the associated risks has been varied, including some or all of the following (which could be via collective funds): Fixed Interest, Property funds, Unit Trusts/OEICs's, ISAs, UK &amp; Overseas Equities.</p>
Very experienced & knowledgeable investor	<input type="checkbox"/>	<input type="checkbox"/>	<p>You are a very experienced investor with an existing and active portfolio of investments that you either self-manage or are likely to have done previously. You are likely to have previously invested in alternative products or investments such as VCT/EIS/AIM.</p> <p>You have a high level of knowledge and frequently use your own skill and judgement in making investment decisions.</p>

Please provide a brief summary in the box below as to how you obtained that investment experience i.e. which provider you invested with and whether you self-managed those funds or received advice and also what investment experience you may have gained through employment or by any other means

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## INVESTMENT PREFERENCES

As an Independent Financial Advisers Fiducia’s aim is to provide our clients with solutions that are tailored to their unique situation. While we do provide a core investment solution and have done for over 15 years, we recognise it is important to ask prospective clients if they have any particular preferences, they wish us to consider as part of reviewing their planning solution.

Below are a list of them, please tick those that are of interest to you. If you are unsure this can be discussed when you meet one of our advisers.

DESCRIPTION	INTEREST? TICK IF YES	DEFINITION & UNDERLYING INVESTMENT STRATEGY
Core Fiducia Portfolios	<input type="checkbox"/>	<p>A wide range of asset classes which are predominantly actively managed with Fiducia researching and recommending best of breed for each sector. Overall economic oversight is provided by Economist Michael Hughes.</p> <p>They are actively reviewed and rebalanced; quarterly (Platinum/Platinum Plus service) or annually (Gold service).</p>
Passive	<input type="checkbox"/>	<p>These strategies are typically invested in equity and fixed asset classes and as such are less diversified than the Fiducia core portfolios. However, as they track an index rather than being actively managed, they are lower cost. Fiducia silver service offering.</p>
Managed/multi asset funds	<input type="checkbox"/>	<p>These aim to provide access to a wide range of asset classes via a single fund, although they can be provided as a multi manager option where a range of different funds are collated as a single offering.</p> <p>Fiducia service offering: Silver.</p>
With Profits	<input type="checkbox"/>	<p>These strategies aim to provide steady returns with lower volatility by offering a modest daily increase to the value of the investment and holding back the full impact of fluctuations in the underlying value. Deductions or increases are sporadically made to the capital value when deemed suitable by the investment manager. Fiducia silver service offering.</p>
ESG	<input type="checkbox"/>	<p>ESG investing involves considering environmental, social and governance factors alongside financial considerations when assessing investment opportunities. This type of investing is also referred to a sustainable finance. We have a separate document which provides further details. Fiducia service offering will depend upon actual investment strategy recommended.</p>

Please provide any comments below that relate to your views on investing:

Client name(s):

Client Signature:

Date Completed:

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