

**Kassius Ltd**  
**INVESTMENT PORTFOLIO**  
**RISK PROFILE QUESTIONNAIRE**  
**STRICTLY CONFIDENTIAL**

Client Name		
Partner Name		
Home Address		
	Postcode:	
Telephone No.	Home:	Mobile:
	Office:	Email:
Completed By		
Adviser Name		
Firm Name		
Date Completed		

This questionnaire is an important document, which enables your Adviser to provide you with full financial planning advice. Its completion forms the basis of any recommendations made. It will be used in the strictest confidence and places you under no obligation to conduct business with us. Please note that where information is not divulged, your Adviser may not be able to provide you with the most suitable advice.

## **Important information for investors:**

### **Please read carefully before you complete this risk profile questionnaire**

**The following information will help you to complete this investment risk profiling questionnaire which is designed to help match your investment portfolio to your financial targets, time horizon and tolerance to risk. Please read it carefully. If you are unclear about any of the terms defined, please ask your Adviser.**

#### SHORTFALL RISK

We believe the biggest risk you face is the risk of not having sufficient capital to meet your long-term goals. Think about never accumulating enough money to retire and being forced to work your entire life to get by. This risk is considerably more dangerous than the risk of your portfolio temporarily declining in value for a period of a few months or years. It is what drives investors to build plans that are focused squarely on achieving specific, well-defined goals. To combat this risk, you will need to include shares in your portfolio in order to both stay ahead of inflation and provide the growth you need to reach your objectives.

#### CAPITAL RISK

This is the risk associated with being an investor in a particular market, such as the stock market or bond market. If you invest in shares, for example, you must accept the fact that their prices will fluctuate over time. In fact, share price fluctuations over short periods can be especially severe. Diversifying across different asset classes whose prices usually don't move in the same direction as each other at the same time is considered the most effective way to reduce the impact of capital risk on your wealth.

#### INFLATION RISK

This occurs when you invest in assets with rates of return that are too low to counter the effects of rising prices on the value of money. Many investors are tempted to hold only "safe" assets, such as short-term fixed interest securities or cash that don't fluctuate in value as much as equities. The trouble is that a portfolio consisting of fixed interest and cash is at the mercy of inflation because these types of assets historically have had a hard time keeping pace with rising prices. To earn positive returns after inflation, you would normally be advised to include shares in your portfolio.

#### INTEREST RATE RISK

Interest rate sensitivity governs the performance of bonds and, to a lesser extent, property. Duration is a key consideration because bond prices move in the opposite direction to interest rates. The longer the duration of the bond, the greater the sensitivity to interest rate changes. Historically, when rates have fallen, bond prices have risen. Bond prices go up because they pay higher income rates than new bonds issued with lower income-rate payments. The opposite tends to happen when interest rates rise: bond prices fall because new bonds should have higher income rates.

## UK RETAIL ASSET CLASSES

### CASH

The rate of interest you receive on bank deposits will usually be variable. It will be unlikely to exceed the rate of inflation over the medium to long term, which means that the purchasing power of your capital will be reduced over time. The advantage of bank deposit accounts is that the bank will return your money to you on demand. The risk of the bank being able to repay your money deposited is extremely low. Bank deposits are minimal risk as, unless the bank defaults, your capital is highly secure.

### FIXED INCOME

If you invest in fixed income securities (bonds) you are effectively lending money to a government or corporate body (e.g. a plc) for a set term (perhaps 5, 10 or 15 years) and in return for a fixed or variable rate of income agreed at the outset. At the end of the term, the government or company is contractually obliged to repay your original loan capital. Default risk on government or corporate bonds is very low. Non-investment grade bonds, otherwise known as junk or high-yield bonds, often offer a higher rate of income but this is offset by the greater risk of the bond issuer defaulting. Overseas corporate bonds carry the additional risk of currency fluctuation.

The income rate offered will usually be higher than prevailing bank deposit rates to compensate for the fact that there is no immediate access to capital. However, many bonds can normally be sold in the market at anytime to realise the current market value. During the term, the market value of your bond may rise or fall. This is because interest rates are constantly changing whilst your bond income is normally fixed. The market value can also change if the credit quality of the bond issuer falls or rises. If interest rates rise, expect the market value of your bond to fall. Conversely, if rates fall the market value will normally rise.

Government bonds are usually regarded as low risk investments as there is only a remote risk of default on income payments or repayment of your capital at the end of the term. Overseas government bonds can at times carry slightly more risk as they can be affected by currency fluctuations. Corporate bonds offer higher income rates than government bonds to compensate investors for the higher risk that the bond issuer could default on income payments and loan repayment.

### PROPERTY

Generally we will ordinarily exclude your main residence as a property investment; everybody needs a roof over their head and it is therefore unlikely that you will release the value of this asset as part of your financial plan. Income earning property is however a separate asset class which can be considered within your portfolio. Property may be residential or commercial and it should offer you an income (rent) in addition to the prospect of the property increasing in value. The rental income and capital value of a property will fluctuate over time due to the market supply and demand.

### SHARES

Here you are taking a stake (equity) in a company by purchasing its shares. As a shareholder, you will be entitled to dividend payments (part of the company profit). You also have the prospect of growth in the share price and thus your capital.

Shares in publicly listed companies are bought and sold in the market and their price is determined by supply and demand. Major factors affecting the supply and demand for shares include the expected level and trend of corporate earnings and dividend payments, market expectations for inflation and economic growth and consumer spending. Shares may be purchased in UK or overseas companies. Shares in overseas companies can at times carry slightly more risk as they can be affected by currency fluctuations.

## ALTERNATIVE ASSET CLASSES

### HEDGE

Hedge fund managers aim to reduce overall portfolio risk whilst generating a positive absolute return even in falling markets. Examples of the many investment styles used by hedge fund managers include:

- Long/Short strategies attempt to take advantage of perceived mispricings of specific securities
- Market Neutral strategies aim to minimize market risk. These funds returns often are not normally affected by the direction of the overall market.
- Arbitrage strategies are based on the belief that two securities prices eventually will converge. As the prices of the two securities move closer together, the fund benefits from both movements.
- Event driven strategies focus on companies experiencing fundamental changes to their business structure, including mergers, leveraged buy-outs and hostile takeovers. The hedge fund managers look for mis-pricings that may result from investors' misunderstanding of these changes and their effects on companies.

1. **RISK PROFILE QUESTIONNAIRE**

Please read each question carefully. Indicate your response by circling the appropriate answer. It is important that you consider each question in the light of your overall objectives when selecting the most appropriate answer.

This questionnaire will help us to identify the level of investment risk you are willing to accept. The results will help determine your tolerance to investment risk and help us to construct a recommended portfolio that best fits your risk profile.

Past performance cannot be taken as a guide to future investment returns and prices can fall as well as rise. You should have a clear idea of what you expect from your investments. Investment returns are the result of interest rates, inflation and capital risk. This questionnaire asks you to stipulate the minimum returns you expect to achieve.

Once you have read the question and have chosen your answer, please mark the corresponding number in the column provided. For example, if you feel that you disagree with the statement in question 1 (option 2), you should mark "2" in the "your score" column:

EXAMPLE		Self		Partner	
No	Questions	Options	Your Score (1-5)	Options	Your Score (1-5)
1	<p>Most shares will fluctuate in value to a greater or lesser extent. The degree to which you are willing to accept this concept will influence the types of investments able to meet your risk profile.</p> <p><b>I am willing to accept that, once invested, my investments will fluctuate and could fall below their original value:</b></p>	<p>1. Strongly disagree</p> <p>2. Disagree</p> <p>3. Reluctantly agree</p> <p>4. Agree</p> <p>5. Strongly Agree</p>	2	<p>1. Strongly disagree</p> <p>2. Disagree</p> <p>3. Reluctantly agree</p> <p>4. Agree</p> <p>5. Strongly Agree</p>	

		Self		Partner	
No	Question	Options	Your Score (1-5)	Options	Your Score (1-5)
1	<p>Most shares will fluctuate in value to a greater or lesser extent. The degree to which you are willing to accept this concept will influence the types of investments able to meet your risk profile.</p> <p><b>I am willing to accept that, once invested, my investments will fluctuate and could fall below their original value:</b></p>	<p>1. Strongly disagree</p> <p>2. Disagree</p> <p>3. Reluctantly agree</p> <p>4. Agree</p> <p>5. Strongly Agree</p>		<p>1. Strongly disagree</p> <p>2. Disagree</p> <p>3. Reluctantly agree</p> <p>4. Agree</p> <p>5. Strongly Agree</p>	
2	<p>Most investors accept that their investments will fluctuate in value in the short term. We need to understand your tolerance to such short-term fluctuations:</p> <p><b>If my portfolio fell in value by more than 10% in a twelve month period I would:</b></p>	<p>1. Cash in my entire portfolio</p> <p>2. Sell some of my portfolio</p> <p>3. Do nothing</p> <p>4. Invest a little more money</p> <p>5. Invest a lot more money</p>		<p>1. Cash in my entire portfolio</p> <p>2. Sell some of my portfolio</p> <p>3. Do nothing</p> <p>4. Invest a little more money</p> <p>5. Invest a lot more money</p>	

No	Question	Self		Partner	
		Options	Your Score (1-5)	Options	Your Score (1-5)
3	<p>Your tolerance to investment risk will be largely influenced by whether you accept the principle that higher returns cannot be achieved without taking more risk. Inevitably, there will be periods when investment values will fall and take time to recover. The extent to which this might happen will depend on the type of assets held.</p> <p><b>I accept that investments can fall in value and take time to recover. However, given my time constraints and return objectives, I would expect values to return to their previous levels within:</b></p>	<ol style="list-style-type: none"> <li>1. 3 to 6 months</li> <li>2. 6 to 12 months</li> <li>3. 1 to 2 years</li> <li>4. 2 to 3 years</li> <li>5. Within 5 years</li> </ol>		<ol style="list-style-type: none"> <li>1. 3 to 6 months</li> <li>2. 6 to 12 months</li> <li>3. 1 to 2 years</li> <li>4. 2 to 3 years</li> <li>5. Within 5 years</li> </ol>	
4	<p>In pure income terms, ignoring any capital growth, most investments that are targeted to generate an income will yield between 2 to 4%. Income greater than this will usually mean that capital growth has been sacrificed. What is your income requirement?</p> <p><b>My income requirement from this portfolio as a percentage of the amount of capital under consideration is:</b></p>	<ol style="list-style-type: none"> <li>1. Nil - Capital Growth only</li> <li>2. 1 - 3%</li> <li>3. 3 - 5%</li> <li>4. 5 - 10%</li> <li>5. More than 10%</li> </ol>		<ol style="list-style-type: none"> <li>1. Nil - Capital Growth only</li> <li>2. 1 - 3%</li> <li>3. 3 - 5%</li> <li>4. 5 - 10%</li> <li>5. More than 10%</li> </ol>	
5	<p>You will be well advised to know your limits in respect of any loss in the value of your investments.</p> <p><b>If my portfolio fell in value I would become very concerned once losses exceeded:</b></p>	<ol style="list-style-type: none"> <li>1. Up to 10%</li> <li>2. Between 10 and 15%</li> <li>3. Between 15 - 20%</li> <li>4. Between 20 - 25%</li> <li>5. Over 25%</li> </ol>		<ol style="list-style-type: none"> <li>1. Up to 10%</li> <li>2. Between 10 and 15%</li> <li>3. Between 15 - 20%</li> <li>4. Between 20 - 25%</li> <li>5. Over 25%</li> </ol>	
6	<p>Typically collective investment funds will diversify their investments across all major assets classes, in both UK and Overseas markets. Whilst this helps to reduce risk by reducing volatility, this will usually reduce investment potential when compared to specialist growth funds in favourable investment conditions.</p> <p><b>I would prefer to invest in funds that invest across all major asset classes in the knowledge that whilst returns could be reduced this should help lower my investment risk:</b></p>	<ol style="list-style-type: none"> <li>1. Strongly Agree</li> <li>2. Agree</li> <li>3. No opinion</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> </ol>		<ol style="list-style-type: none"> <li>1. Strongly Agree</li> <li>2. Agree</li> <li>3. No opinion</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> </ol>	

No	Question	Self		Partner	
		Options	Your Score (1-5)	Options	Your Score (1-5)
7	<p>In periods of low inflation, investment returns are likely to reduce in line with lower interest rates, making it more difficult to achieve the performance levels achieved in the past. As an investor, you need to have a clear idea of what you would expect as a minimum return above bank deposit rates.</p> <p><b>I would expect the total annual return from my portfolio (income plus capital growth) to exceed bank deposit rates by an average of:</b></p>	<p>1. Upto 1% 2.1 - 2% 3.2 - 3% 4.3 - 5% 5. Over 5%</p>		<p>1. Upto 1% 2.1 - 2% 3.2 - 3% 4.3 - 5% 5. Over 5%</p>	
8	<p>If an investment portfolio is to invest across the full range of asset classes, the prospects of out-performing cash over all 12 months periods is remote. Whilst this should not concern the long-term investor, it does require consideration.</p> <p><b>I would expect my investment portfolio to outperform cash over all rolling twelve month periods:</b></p>	<p>1. Strongly agree 2. Agree 3. No opinion 4. Disagree 5. Strongly disagree</p>		<p>1. Strongly agree 2. Agree 3. No opinion 4. Disagree 5. Strongly disagree</p>	
9	<p>Historically assets such as Shares, Property and Fixed Income investments have outperformed inflation. Your "real return" expectations, allowing for the effects of inflation, will influence the type of assets that can be considered appropriate for your portfolio.</p> <p><b>After taking account of inflation, I would expect my portfolio to increase by a real return of:</b></p>	<p>1.0% 2. 1 % per annum 3. 1 - 3% per annum 4. 3 - 5% per annum 5.5% plus</p>		<p>1.0% 2. 1 % per annum 3. 1 - 3% per annum 4. 3 - 5% per annum 5.5% plus</p>	
10	<p>How would you define your long-term return expectation?</p> <p><b>If income was reinvested, I would expect my investment portfolio to grow in value by:</b></p>	<p>1. 3% per annum 2. 5% per annum 3. 7.5% per annum 4. 10% per annum 5. 12.5% per annum</p>		<p>1. 3% per annum 2. 5% per annum 3. 7.5% per annum 4. 10% per annum 5. 12.5% per annum</p>	
		<b>Self Total</b>		<b>Partner Total</b>	

## INTERPRETATION

Your aggregate score translates to the following risk profiles.

Please read carefully the descriptions in the risk profile table to check that you are comfortable with the risk profile you would like to take:

Total Score	Risk Profile	Target Return	Capital Risk	Inflation Risk	Interest Rate Risk
10	A	Very Low	Very Low	High	High
11 - 20	B	Low	Low	High	High
21 - 30	C	Medium	Medium	Medium	Medium
31 -40	D	High	High	Medium / Low	Medium / Low
41-45	E	High / Very High	High / Very High	Low	Low
46-50	F	Very High	Very High	Low	Low

## RISK PROFILES

Risk	Investment Risk Profile							
A	Target Return	<b>Very Low</b>	Capital Risk	<b>Very Low</b>	Inflation Risk	<b>High</b>	Interest Rate Risk	<b>High</b>
	You have a very low tolerance to investment risk and the need to protect your capital at all times is of paramount importance. You expect minimal investment return. Investment returns should broadly match the returns achieved through cash deposits and, as a result, this strategy is best suited to a short-term investor.							
B	Target Return	<b>Low</b>	Capital Risk	<b>Low</b>	Inflation Risk	<b>High</b>	Interest Rate Risk	<b>High</b>
	You have a low tolerance to investment risk and expect low investment returns. You accept a small amount of investment risk to improve returns providing short-term price volatility remains low. The investments that fall into this category are likely to provide a steady return, slightly above returns achievable through cash deposits.							
C	Target Return	<b>Medium</b>	Capital Risk	<b>Medium</b>	Inflation Risk	<b>Medium</b>	Interest Rate Risk	<b>Medium</b>
	You accept that investment returns cannot be achieved without some degree of investment risk. However, you are unwilling to take much risk within your overall portfolio. The benefits of diversification will be important to you in an effort to improve returns whilst trying to mitigate the risks attached. Your return expectation should be met with a diversified range of assets where Income and Capital Growth can combine to produce, over time, a reasonable return relative to cash.							
D	Target Return	<b>High</b>	Capital Risk	<b>High</b>	Inflation Risk	<b>Medium/Low</b>	Interest Rate Risk	<b>Medium/Low</b>
	You accept that investment risk is inevitable if you are going to achieve reasonably attractive returns. Investments in this portfolio aim to offer good growth potential and manage to reduce their investment risk through diversification. You expect to achieve a real return based on your time horizon and the assumption that real assets should outperform cash. A well-diversified portfolio of assets, invested over the medium to long-term should be capable of achieving your return expectation. However, you should note that in trying to achieve your return expectation your investments will fluctuate in value.							
E	Target Return	<b>High/Very High</b>	Capital Risk	<b>High/Very High</b>	Inflation Risk	<b>Low</b>	Interest Rate Risk	<b>Low</b>
	You have a willingness to accept investment risk. This enables you to include a wide range of assets with good long-term growth prospects. Diversification is compromised in an effort to achieve higher returns. You expect to achieve an above average return in your investments. This will not be without risk and the investments that fall into this category require long-term commitment.							
F	Target Return	<b>Very High</b>	Capital Risk	<b>Very High</b>	Inflation Risk	<b>Low</b>	Interest Rate Risk	<b>Low</b>
	You have a high tolerance to investment risk. The increased risk within this portfolio is due to the limited diversification of assets, specifically targeted for high growth. You expect to achieve a high return. Whilst it is possible to achieve this you should be prepared for a high level of investment risk. Investments within this category require a long-term commitment to counter the high price volatility. If your time horizon permits this and you are willing to accept a higher level of investment risk the assets held in this class should perform well over time.							

**RESULTS**

Results	Risk Profile					
	A	B	C	D	E	F
Client Risk Profile						
Partner Risk Profile						
Portfolio Chosen						
Reason for difference (if applicable)						

**ADVISER'S OPINION**

Results	Risk Profile					
	A	B	C	D	E	F
Client Risk Profile						
Partner Risk Profile						
Portfolio Chosen						
Reason for difference (if applicable)						

**CLIENT DECLARATION**

**PLEASE READ CAREFULLY PRIOR TO SIGNATURE**

**I/We confirm that the information I/we have provided is to the best of my/our knowledge correct. I/We have provided this information understanding that it is used to form the basis of any advice and recommendations made to me/us and that I/we are not under any obligation to take up any recommendations made.**

**I/We confirm that the Adviser has explained the asset classes and investment risks to enable us to understand and complete this investment risk profile.**

	Client	Partner
Signature		
Name		
Date		

	Advisor
Signature	
Name	
Date	