

Assessing Your Attitude to Risk

LONSDALE
Wealth Management

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Understanding your attitude towards investment risk, reward and volatility is an essential requirement before we recommend an appropriate investment strategy for you, as we want you to understand and be comfortable with our recommendations. Trust us to work with you to achieve your long term financial goals. We will always provide a personalised service and will be open and honest with you and act with integrity in everything we do.

Simon Hawker
Managing Director
Lonsdale Services

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Introduction

There are few guarantees with investing, but we believe that there is a greater chance of success if we put into place an investment strategy that is designed around a level of investment volatility that you understand and are comfortable with.

When discussing your risk profile, we provide you with an upper and lower range of probable returns that you might expect for different levels of risk. This approach gives you greater clarity and peace of mind about the future.

> Assessing Investment Risk

Understanding your attitude towards investment risk, reward and volatility is an important step before making any investment decision.

In recent years, the assessment of a risk profile has become a more sophisticated exercise. Lonsdale Wealth Management believe in using computer tools to fully understand risk tolerance, however, we initially prefer a more traditional approach of talking to you as an individual.

> Managing Investment Risk

Our clients tell us that peace of mind is more important than striving to achieve that extra few percentage points of return. We never lose sight of investment risk and would rather miss some potential upside, if it avoids risking large losses which will be difficult to recover.

We focus on managing investment volatility to ensure that we achieve a relatively consistent return for your investments - trying to capture rising markets and to avoid the worst of falling markets.

This is achieved by spreading your portfolio across a wide range of carefully researched investments and managing this blend either through review with you or utilising a Discretionary Fund Manager.

Not all asset classes or investment strategies move in the same direction at the same time.

We ensure your portfolio is spread across a wide range of investments that tend to behave differently to one another, smoothing out the peaks and troughs of investing for you.

> Important Notice

The Lonsdale investment service invests in assets which can go down as well as up in value. This means that the value of your portfolio can fluctuate, and therefore, you could get back less than you originally invested.

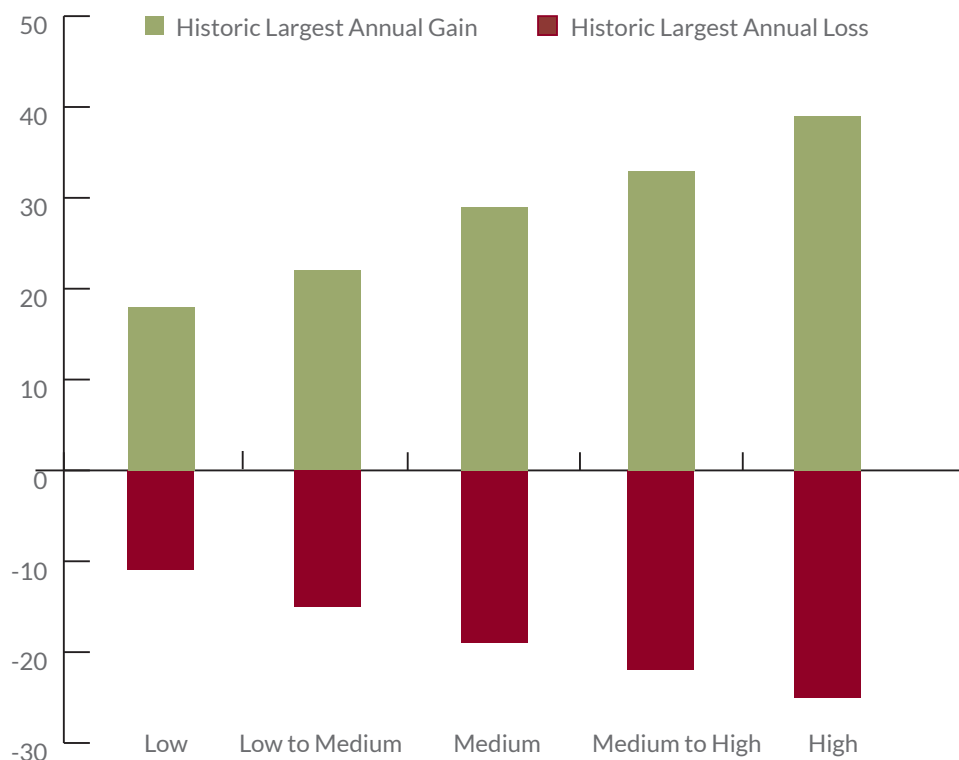
Assessing Your Attitude to Risk

> How much investment experience do you have?

> Do you have any ethical/social considerations that you would like us to take into account in our recommendation? Please explain.

> Examples of Past Performance

The table below demonstrates the best potential gains and the worst potential losses over the previous 30 years relative to a given risk profile over a one year period. Note: the portfolio with the best potential gain also has the largest potential loss. Although past performance is not a guarantee of future returns and there is no guarantee that losses might not be higher in the future, the table provides a useful reference.



> Which risk profile would you prefer?

Client 1 Low Low to Medium Medium Medium to High High

Client 2 Low Low to Medium Medium Medium to High High

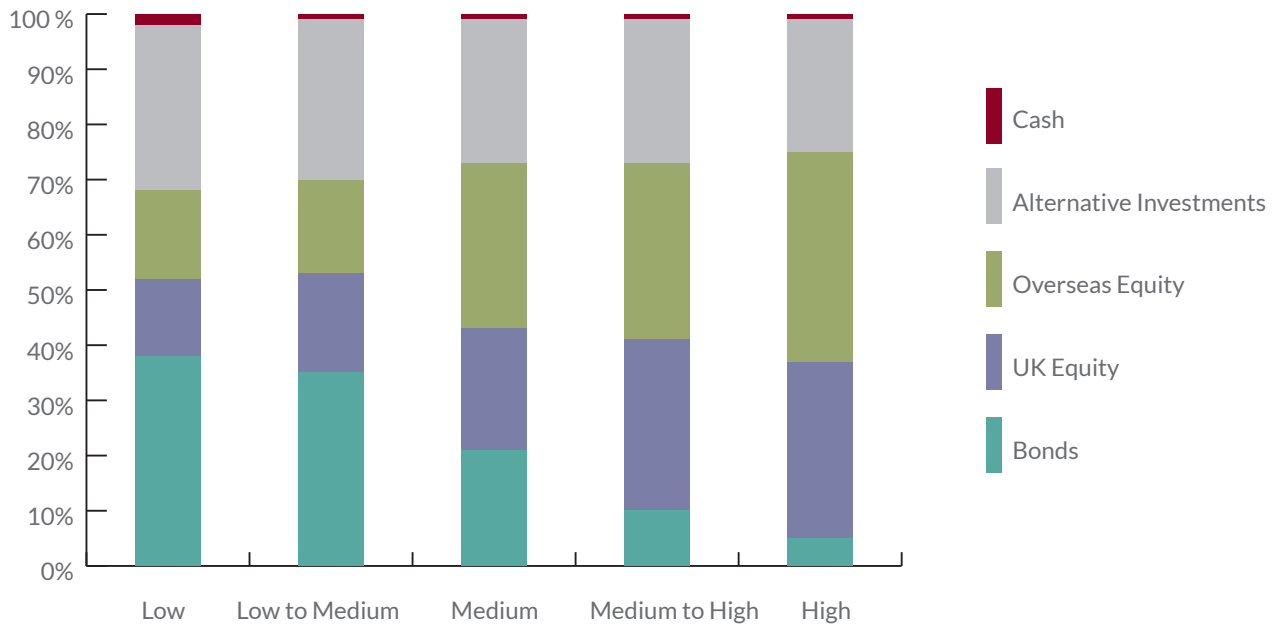
> What is your Capacity for Loss?

Client 1 Low Medium

Client 2 Low Medium

> What do you understand the term “Capacity for Loss” means?

> Example Asset Allocation



What risk profile do you believe you are and why?

Client 1 _____

Client 2 _____

Agreed Risk Profile:

Client 1 _____

Client 2 _____

If this is different to the client's choice, explain why?

Please note that this may be altered depending on the objectives eventually agreed upon.
This would be discussed if that was going to happen.

Oxford Risk Research Risk Questionnaire

About the questions

The questions are scientifically derived to give a fair and representative measure and to place you in one of five Risk Tolerance categories. You should answer each question thoughtfully and honestly – there are no right or wrong answers. If a question seems open to interpretation, just give the response that feels most intuitive to you.

Please only select one of the following options for each question.

> Question 1: My friends would say that I am cautious.

| | | | | | |
|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 2: I prefer my money to be safe from risk.

| | | | | | |
|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 3: I have put money in a risky investment.

| | | | | | |
|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 4: I have experienced considerable gain from a 'risky' investment.

| | | | | | |
|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 5: I have been extremely risky in my past financial investments.

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 6: Even if I could get high returns I would prefer not to invest my money in something that might decline in value.

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 7: Being financially cautious is important to me.

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 8: I would never make a high-risk investment.

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 9: Maximising long-term investments is my goal, and I would be willing to accept dramatic, short-term drops in value to achieve this.

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

> Question 10: Overall, how likely is it that you would take a significant financial risk?

| | | | | | |
|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client 1 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| Client 2 | <input type="checkbox"/> 1 | <input type="checkbox"/> 2 | <input type="checkbox"/> 3 | <input type="checkbox"/> 4 | <input type="checkbox"/> 5 |
| | Highly Likely | Likely | Neutral | Unlikely | Highly Unlikely |

› Question 11: How long do you intend to invest for?

Client 1

Short Term (0-5 years) Medium Term (5-10 years)

Long Term (10 years plus) No Fixed Term

Client 2

Short Term (0-5 years) Medium Term (5-10 years)

Long Term (10 years plus) No Fixed Term

› Question 12: What portion of this investment could you potentially lose without having a significant effect on your standard of living?

Client 1 1 2 3

Client 2 1 2 3

None, or very limited losses

Small or Medium Losses

Large Losses could be tolerated

› Question 13: In the event of an unforeseen emergency, would you likely require access to the money invested?

| | Client 1 | Client 2 |
|--|--------------------------|--------------------------|
| I would likely need access to this investment | <input type="checkbox"/> | <input type="checkbox"/> |
| I may need access to this investment | <input type="checkbox"/> | <input type="checkbox"/> |
| I have other sources of savings and would likely not require access to this investment | <input type="checkbox"/> | <input type="checkbox"/> |

Declaration

› Do you want this risk profile to apply to all advice that is supplied?

YES NO

› If no, please state what you would like to happen.

I/we understand that the risk profile selected should be reviewed in the future either by you or in line with an ongoing service proposition with Lonsdale Wealth Management.

I/we acknowledge that the value of investments can go down as well as up and I/we understand that I/we may not get back all of our original investment.

| | |
|--------------------|--|
| Client 1 Name | |
| Client 1 Signature | |
| Date: | |

| | |
|--------------------|--|
| Client 2 Name | |
| Client 2 Signature | |
| Date: | |

Portfolio Descriptions

Please note that there is not an investment solution that involves no risk that Lonsdale can offer you.

> Low Risk Tolerance

People in this category are conservative with their investments. They prefer taking a small amount of risk to achieve modest or relatively stable returns. They accept that there may be some short term periods of fluctuation in value.

> Low to Medium Risk Tolerance

People in this category are relatively cautious with their investments. They want to try to achieve a reasonable return, and are prepared to accept some risk in doing so. Typically these portfolios will exhibit relatively modest yet frequent fluctuations in value.

> Medium Risk Tolerance

People in this category are balanced in their attitude towards risk. They don't seek risky investments but don't avoid them either. They are prepared to accept fluctuations in the value of their investment to try and achieve better long term returns. These portfolios will be subject to frequent and at times significant fluctuations in value.

> Medium to High Risk Tolerance

People in this category are relatively comfortable with investment risk. They aim for higher long term returns and understand that this can also mean some sustained periods of poorer performance. They are prepared to accept significant fluctuation in value to try and achieve better long term returns.

> High Risk Tolerance

People in this category are very comfortable with investment risk. They aim for high long term investment returns and do not overly worry about periods of poorer performance in the short to medium term. Ordinarily these portfolios can be subject to the full extent and frequency of stock market fluctuations.

> Suitability Matrix & Description (applicable to all Risk Tolerance categories):

The following matrix indicates which level of risk (as defined by 10yr annualised volatility) is likely to be suitable for a client associated with a defined Risk Tolerance category and investing for the indicated Time Horizon.

| Risk Tolerance Category | Time Horizon | | | |
|-------------------------|--------------|---------|----------|----------|
| | 3 Years | 5 Years | 10 Years | 20 Years |
| Low | 3.375% | 3.375% | 3.375% | 3.375% |
| Low to Medium | 5.5% | 5.5% | 5.5% | 5.5% |
| Medium | 7% | 7% | 7% | 7% |
| Medium to High | 10.5% | 10.5% | 10.5% | 13% |
| High | 13% | 13% | 13% | 13% |

Capacity for loss is broadly the amount of loss that you as an investor are willing and/or able to take before it potentially impacts either your living standards or your piece of mind.

Please note that the figures are for guidance only and there is not a guarantee that investments could not fall substantially more than indicated (especially over shorter periods).

There is a level of compromise that might need to be achieved if you have a High Risk Profile but a low Capacity for Loss.

> Low

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. Their Capacity for Risk is also affected by the possibility of requiring the invested sum within a short to medium time horizon.

> Medium

The client may be able to afford some underperformance of the investment though substantial losses could affect their standard of living. It is likely that they will have other alternatives to turn to if faced with an immediate requirement for liquidity.

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