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| RISK  ATTITUDE | Key driver: Your Past Financial Decisions | Investment Instincts |
| Cash | You have taken no risk with past financial decisions and would never considering borrowing money to make an investment (such as a buy to let property)1 | You are unwilling to take any risk of capital loss other than a potential failure to keep pace with inflation, and would feel extremely uncomfortable if your capital fell in value. |
| Low / Cautious | You have taken no more than a small degree of risk with your past financial decisions and have never borrowed money to make an investment. | You believe that it is at least somewhat more important that the money value of your investment does not fall than that it retains its real value. You would expect a small improvement on rates of return compared to the rate from a typical fixed term deposit account. A fall in the value of an investment would make you feel uncomfortable. That said, you would be prepared to accept fluctuation in the value of your investment to around a 7%2 fall as long as the losses were recovered within a reasonable timescale. To achieve the potential of these returns, you would expect a portfolio to have some exposure to stocks and shares, although this would be low. |
| Below Average / Conservative | You have taken a small to medium degree of risk with your past financial decisions. You have probably not borrowed money to make an investment. | You feel that retaining the real value of your investment is of comparable importance to its not falling. You would expect a sizeable improvement on rates of return compared to a rate from a typical fixed period deposit account. Typically, you would begin to feel uncomfortable if the value of your investment went down by, say, 10% as long as the losses were recovered within a reasonable timescale. To achieve the potential of these returns, you would expect a portfolio to have some exposure to stocks and shares, although lower risk investments would still dominate. |
| Balanced | You have taken a medium degree of risk with your past financial decisions. You may have borrowed money to make an investment. You may have gambled an “uncomfortable” sum (for you), but only rarely. | You feel it is more important that the money value of your investment retains its real value than that it does not fall. You would expect a significant improvement on rates of return compared to the rate from a typical fixed term deposit. Typically, you would begin to feel uncomfortable if the value of your investment went down by, say, 20%, but you would expect the value to recover within a realistic timeframe. To achieve the potential of these returns, you would expect a balanced exposure to higher and lower risk investments. |
| Above Average / Adventurous | You have taken a medium to high degree of risk with their past financial decisions. It is quite possible you have borrowed money to make an investment. You may have gambled frequently. | You feel it is more important that the money value of your investments retains its real value than that it does not fall. You would expect a significant improvement on rates of return compared to the rate from term deposits. Typically, you would begin to feel uncomfortable if the total value of your investments went down by, say, 30% but you would expect the value to recover within a realistic timeframe. To achieve the potential of these returns, you would expect a predominant exposure to higher risk investments. |
| High / Stock-market | You have frequently taken a large degree of risk with your past financial decisions. You will probably have borrowed money to make an investment. It is probable you have invested a large sum in a risky investment mainly for the “gamble”, probably rarely. | You feel it is much more important that the money value of your investments retains its real value than that it does not fall. You would expect a vastly improved rate of return compared to the rate from term deposits. Typically, you would begin to feel uncomfortable if the total value of your investments went down by, say, 50% but you would expect the value to recover within a realistic timeframes. To achieve the potential of these returns, you would expect a high exposure to risk based investments. |
| Notes | 1. Borrowing money to invest could typically mean, for example, to purchase a buy-to-let property, or an overseas holiday property. We include this possibility because often people don’t consider this type of decision when they think of investing, although it is quite a common occurrence. 2. The percentage falls in investment value we show in our portfolios above are an indication of how we would expect a portfolio constructed in this way to perform. They are not a statement of how our portfolios have or will perform and in fact our portfolios may fall by less, or more than this, from time to time. | |