

ATTITUDE TO RISK

Cautious: “You are prepared to take only a small amount of investment risk and capital protection is important. This means that your portfolio will contain a small amount of riskier assets in order to increase the chance of obtaining better long term returns. A typical Cautious investor will be invested in fixed interest and cash and will also include an element of equities and property. The range of assets provides diversification benefits to reduce the overall risk.”

Cautious to Moderate: “You are prepared to take some investment risk in order to increase the chances of achieving a reasonable return but would still like to ensure that capital protection is still considered. A typical Cautious to Moderate investor will be invested in a moderate amount of fixed interest, but with a greater proportion in equities and property. At the shorter terms there may also be some cash.”

Moderate: “You are prepared to take a reasonable amount of investment risk in order to increase the chance of achieving a better return. Capital protection is less important to you than the return on the investment. A typical Moderate investor will usually invest in a variety of assets to obtain diversification. There would be a higher proportion of equities compared to fixed interest and cash, and the range of assets provides diversification of benefits.”

Moderate to Adventurous: “You are prepared to take a greater degree of risk with your investment in return for the prospect of improving longer term investment performance as short term capital protection is not important. A typical Moderate to Adventurous investor will be invested mainly in equities but with other assets included to provide some diversification. There may be a small amount of specialised equity within the portfolio.”

Adventurous: “You are prepared to take greater risks with your investment in return for the prospect of potential for greater long term investment performance. You appreciate that over some periods of time there can be significant falls, as well as rises, in the value of your investment and you may get back less than you invest. This strategy holds significant risk in the shorter term. A typical Adventurous investor will be invested fully in equities, both in the UK and overseas. There may be a significant proportion of the investment in specialised equities.”