

## Risk Categorisation

We will use the information you supply here to determine your 'risk attitude', which is used (with information regarding your financial circumstances and goals) to determine an appropriate level of investment risk. Your statement is a declaration of your attitude to risk at this point.

The instruments we recommend may be of higher or lower risk than you specify on this form in order to create an overall risk profile that matches your attitude to risk.

### Risk Averse

When considering an investment you are not comfortable taking any risk with your capital and would prefer not to exceed the Financial Services Compensation Scheme's (FSCS) maximum payout in any single investment. These may include Cash, National Savings investments and guaranteed accounts.

### Cautious

When considering an investment, you wish to take only minimal risk level with an investment with the aim of maintaining the purchasing power of your cash, which is paramount over returns. Investments will typically include cash, gilts and investment grade bonds in the main. Some equities, property and low-risk investment instruments may be used to diversify the portfolio with the aim of producing higher returns than cash in return for exposing some of your capital to risk in the longer-term.

### Conservative

When considering an investment you are comfortable with an increased risk in order to produce returns over that which can be achieved from the Cautious level of risk exposure. Investments will typically include investment grade (especially gilts) and high yield bonds, as well as some larger-cap domestic and global equities, and property will likely be used to diversify the portfolio and produce returns in the longer-term.

### Balanced

When considering an investment you are happy with a moderate level of risk, which involves holding roughly equal proportions of equity to fixed interest and property. Investments will typically include investment grade and high yield bonds, and various domestic and global equities and commercial property or REITs, to build a diversified investment and produce moderate potential returns.

### Moderately Aggressive

When considering an investment, you will be happy with a portfolio that is above average risk and predominately invested in UK and overseas equities. This portfolio is likely to include around two-thirds in equities and contain a higher-risk fixed interest contingent and property, as well as carrying minimal cash. The equities held within this portfolio are likely to be globally diverse (which may expose the portfolio to currency risk) and of higher risk.

### Aggressive

When considering an investment, you are comfortable with a high-risk portfolio likely to be very heavily invested in equities. The equities held within this portfolio are likely to be complex and wide-ranging (and are likely to carry a currency risk) and may include REITs as well as direct property funds. This portfolio is not likely to include a fixed interest contingent and will generally carry minimal cash.

Typical allocations to sectors within the Gibbs Denley Investment Models are shown below:

	Cash	Fixed Interest	Property	Equities	Absolute Return
<b>Cautious</b>	Up to 30%	50-70%	0-20%	20-30%	0-25%
<b>Conservative</b>	Up to 20%	40-60%	5-20%	20-40%	0-20%
<b>Balanced</b>	Up to 10%	20-30%	5-20%	40-60%	0-15%
<b>Moderately Aggressive</b>	1-5%	5-20%	5-20%	60-90%	0-10%
<b>Aggressive</b>	~1%	0-10%	5-15%	90+%	0-5%

The above figures are an indication of typical allocations to each sector, but actual allocation may be outside of these parameters.

Please tick the box that best reflects your attitude to risk:

	Risk Averse	Cautious	Conservative	Balanced	Moderately Aggressive	Aggressive
<b>Client 1</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Client 2</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Signature(s)

**Client 1:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Client 2:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_ **Date:** \_\_\_\_\_

This document is to be read in conjunction with the Risk Categorisation Glossary.

# Risk Categorisation Glossary

To be used in conjunction with the Risk Categorisation form

## Absolute Return funds

Absolute return funds look to make positive returns regardless of the direction of the market and may use different techniques to more traditional 'long only' funds.

## Bond

A debt investment, with which the investor lends money to an entity (company or government) that borrows the funds for a defined period of time at a specified interest rate. The indebted entity issues investors a bond that states the interest rate (or 'coupon') that will be paid and when the loaned funds are to be returned (on the maturity date). Interest on bonds is usually paid semi-annually.

## Diversification

An investment strategy that involves buying a variety of different investment instruments that are not highly correlated to each other in order to reduce the overall risk of a portfolio.

## Equities

Ownership positions in companies that can be traded in public markets. These assets produce income which is paid in the form of dividends. In the event of the company going bankrupt, equity holders' claims are subordinate to the claims of preferred stockholders and bondholders.

### Fixed Interest

A fixed interest fund will usually carry a mix of bonds, including gilts, Index-linked gilts and corporate bonds. They are generally deemed to be at the lower end of the risk scale.

## Gilt-Edged Securities (Gilts)

Bonds issued by the government of the United Kingdom. A relatively risk-free investment, gilts bear fixed interest and are usually redeemable on a specified date. The term is now used generally to describe securities of the highest value. According to the redemption date, gilts are described as short (up to five years), medium, or long (15 years or more).

## High-Yield Bond

Often referred to as 'Junk Bonds', these are low-grade fixed income securities of companies that show significant upside potential. The bond must pay a high yield due to significant credit risk.

## Investment Grade

A bond that is classified as investment grade holds a current rating of BBB or higher.

## Property

In Gibbs Denley literature, Property usually relates to Commercial Property, as opposed to residential property. The funds that hold Commercial Property can do this directly, via owning the physical asset, or indirectly, through the use of REITs (See below).

## REIT (Real Estate Investment Trust)

A security that trades on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in Real Estate.

## Strategic Bond Funds

Invest primarily in higher yielding assets including high yield bonds, investment grade bonds, preference shares and other bonds. The funds take strategic asset allocation decisions between countries, asset classes, sectors and credit ratings.

## Volatility

The relative rate at which the price of a security or fund moves up and down. Volatility is found by calculating the standard deviation of change in price over a specified time period. If the price of a stock moves up and down rapidly over short time periods, it has high volatility. If the price almost never changes, it has low volatility.