

risktype compass™

for Financial Advisers



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The Risk-Type Compass™ is an online assessment of a client's appetite for risk based on their personality characteristics. It provides Financial Advisers (FAs) with a sound basis for client engagement and portfolio management.

The Risk-Type Compass™:

- sets up an engaging and constructive client discussion
- gives deeper insight into risk appetite than focusing solely on current *attitudes*
- offers clients a route for exploring their own risk-taking limits
- frames a responsible and meaningful agenda for portfolio decisions
- uses everyday language to capture the essence of risk tolerance

Personality determines whether, deep down, we are anxious or reckless, optimistic or pessimistic, trusting or wary, organised or spontaneous, excitement seeking or cautious. All these personality factors contribute to our Risk Type. They reflect our true nature and set the baseline for our capacity to handle risk. When the chips are down, we revert to Risk Type.

Why use the Risk-Type Compass™?

03

Over a 30 month period during 2008 to 2010, the **FSA** rated more than half the files they reviewed as “unsuitable” due to shortcomings in the way the customers’ attitude to risk was assessed. The assessments used were criticised as either “inappropriately simple”, “excessively complicated” or having “greater probability of making an inaccurate assessment”.

The Risk-Type Compass™ is a psychometric questionnaire that addresses the issues raised by the **FSA**. It has a sound theoretical basis and has been thoroughly researched.

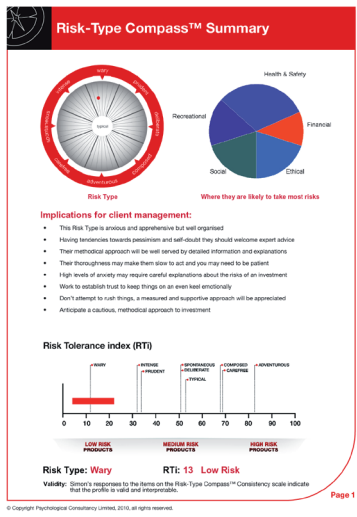
The Risk-Type Compass™:

- typically requires just 15 to 20 minutes to complete
- immediately delivers reports to your inbox
- assigns clients to a clearly defined Risk Type
- considers risk appetite from both personality and attitude perspectives
- provides a precise overall index of Risk Tolerance – the RTi
- uses 102 easy-to-answer non-technical questions
- makes no assumptions about knowledge or experience of investment
- meets rigorous requirements for reliability and validity of assessment



Investor Report

This report assigns individuals to their appropriate Risk Type, considers their relative Risk Attitude across five key domains and calculates their Risk Tolerance Index (RTi). Narrative and bullet points explain core type characteristics and their implications.

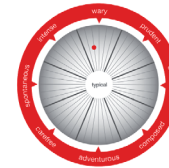


01 Part 1: Risk Type

Interpreting the Risk Type graphic

How strongly do you reflect your Risk Type?

The marker or denotes which of the Risk Types best fits your disposition towards risk. The nearer it is to the outside edge, the more accurate that type description will be for you. For those nearer the centre, the Risk Type will capture their disposition towards risk, but not as intensely. The Risk-Type Compass™ is a continuous spectrum, with each type sharing some characteristics with its neighbours and with facing types being opposite. Your marker falls close to a type boundary, so it will also be worth reading the neighbouring type description.



Risk Type: Wary

This Risk Type combines anxiety about risk with a methodical approach and a reserved and persistent skepticism. The most extreme examples are fearful of uncertainty and ultra sensitive about vulnerability and risk. Strongly attracted to the idea of securing the future but difficult to reassure, they seem to seek an unshakable ideal.

At a general level, the Wary Type is cautious, vigilant and pessimistic; and they put security at the top of their agenda. They will be alert to investment risks and skeptical about potential benefits. Usually, such people like to know precisely what they can expect, a need for certainty that makes decision-making difficult. Fearful of failure, they protect themselves by being conservative, prudent and organised and may lean heavily on professional guidance. They are neither adventurous nor emotionally resilient but should have a respect for traditional approaches and be receptive to advice.

Risk Type descriptions are informed generalisations based on decades of personality research and experienced profile interpretation. While the essence of a type description will be accurate for the majority of those falling into that group, individuals will vary in particular details and in the degree to which type characteristics dominate their overall persona.

The following pages will help you to consider your fit with this Risk Type.

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Financial Advisers Report

This one page report is designed to provide the Financial Adviser with an overview of the individual's results on each area measured by the Risk-Type Compass™. A summary of the implications of their results for client management is also provided.

risktype
compass™

The compass presents a continuous spectrum in which adjacent types are similar and merge into each other, while facing types (e.g. Wary & Adventurous) have opposite characteristics.

Spontaneous

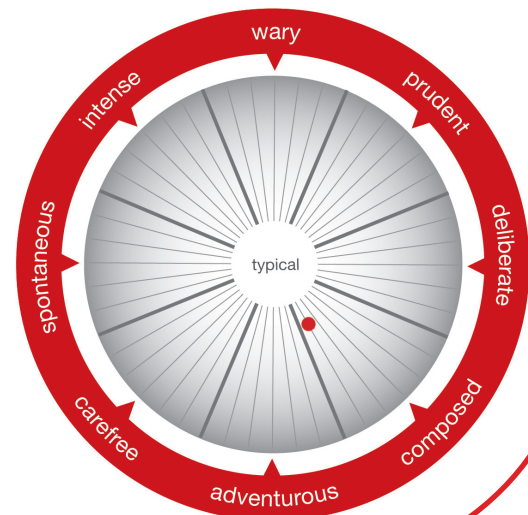
Uninhibited and excitable, this Risk Type enjoys the spontaneity of unplanned decisions. They are attracted to risk like moths to a flame, but are distraught when things go wrong. Their passion and imprudence make them exciting but unpredictable.

Intense

The Intense Type tends to be highly strung, pessimistic and nervous about any threat to their equilibrium. In extreme examples, personal relationships and decision-making can become an emotional minefield. Passionate and self-critical by nature, they react strongly to disappointment, taking it personally when things don't work out.

Wary

Self-disciplined and cautious of risk, the Wary Type is organised but unadventurous and puts security at the top of the agenda. They will be drawn to the idea of securing their future but anxious that however well something worked for others, in their case it will go wrong.



Prudent

Very self-controlled and detailed in their planning, the Prudent Type is organised, systematic, conservative and conforming. Conventional in their approach, they prefer continuity to variety and are most comfortable sticking to what they know.

Deliberate

Self-confident, systematic and compliant, the Deliberate Type tends to be unusually calm and optimistic. They experience little anxiety and tackle risk and uncertainty in a business-like and unemotional way. They never walk into anything unprepared.

Composed

The Composed Type is cool headed, calm and optimistic, but at the extreme may seem almost oblivious to risk and unaware of its effect on others. They take everything confidently in their stride, seem quite imperturbable and manage stress well.

Adventurous

The Adventurous Type is both impulsive and fearless. At the extreme, they combine a deeply constitutional calmness with high impulsivity and a willingness to challenge tradition and convention. Intrepid and never discouraged, they quickly rebound from any setback.

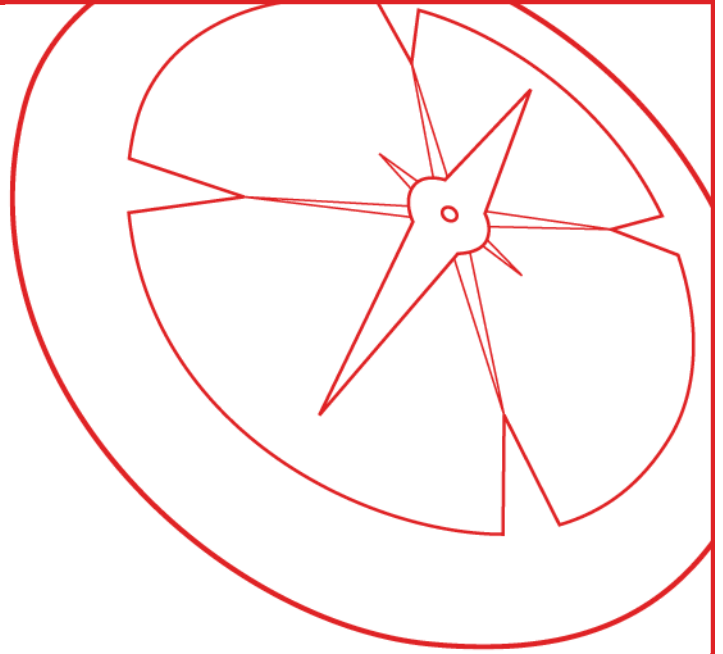
Carefree

Spontaneous and unconventional, the Carefree Type is daring, excitement seeking and sometimes reckless. Not good at detail or careful preparation, they often seem unclear about their objectives. Their impatience and imprudence can lead to hasty and unwise decisions.

Typical

Individuals who show none of the extremes that characterise other Risk Types are classified as 'Typical'. Because they score close to the centre they will not naturally be exceptionally prudent or unusually reckless, neither will they be particularly emotional or extremely calm. Any pronounced risk-taking behaviours will likely be due to attitudes developed from specific experiences.

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