



CENTRA

# Defaqto ATR – Risk Profiler Questionnaires

Defaqto Attitude to Risk

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**JANUARY 2023**

## Default Attitude to Risk

<b>Client Name(s):</b>	
<b>Name of adviser:</b>	
<b>Date of assessment:</b>	

Please select the most appropriate responses to the 12 statements below. Please respond to all statements. This will help your adviser and you determine the type of investments that are suitable for you.

1. I would describe my investment approach as:

- Cautious
- Balanced
- Adventurous
- Speculative

2. If you invested £20,000 and the value fell temporarily, how much of a fall, over a 12 month period, would make you feel anxious or uncomfortable?

- More than £4,000
- More than £2,500
- More than £1,000
- Up to £1,000

3. I associate the phrase 'investment risk' with the idea

- Opportunity
- Acceptance
- Caution
- Loss

4. To see a respectable gain on my investment, I am:

- Happy to take the maximum risk with a percentage of my assets
- Happy to take considerable risk with a percentage of my assets
- Happy to take some risk with a percentage of my assets
- Not willing to take risk with my assets

## Default Attitude to Risk - continued

5. Compared to other people, I would describe myself as:

- More cautious
- Equally cautious
- Less cautious
- Substantially less cautious

6. In seeking a return on my investment, in the short-term I'm willing to accept:

- No risk of capital loss
- A slight risk of capital loss
- A moderate risk of capital loss
- A considerable risk of capital loss

7. If I thought there was a possibility of my investment losing money, I would:

- Be totally comfortable with the investment
- Understand and accept that investments can fluctuate in value
- Worry about the investment often
- Not invest

8. Compared to other people, I believe the following statement best fits my understanding of investment:

- I have no understanding of investments or how they work
- I have a basic understanding of what investments are but limited knowledge on how they work
- I have a reasonable understanding of how non-complex investments work
- I have detailed knowledge of how a wide range of investments work

9. If you invested £20,000 and the value fell by £3,000 over the course of a 12 month period, would you:

- Panic and encash the investment
- Be concerned and contact your adviser for an explanation
- Understand and be comfortable with the fact that long term investments can fluctuate
- See it as the perfect opportunity to invest more

## Default Attitude to Risk - continued

10. Taking risks when making investments:

- Gives me a strong sense of excitement
- Provides a considerable level of excitement
- Makes me excited to some degree
- Doesn't excite me

11. When investing money to meet my objectives, I would prefer to use:

- High risk investments
- Medium risk investments
- Low risk investments
- Bank deposits

12. I understand that, in order for my investments to keep pace with inflation, I need to take some investment risk

- Strongly disagree
- Disagree
- Agree
- Strongly agree

## Investor Experience

Please select the most appropriate responses to the following 12 questions. This will help your adviser to understand your exposure to financial markets in the past.

	No understanding/ knowledge	Very little understanding/ knowledge	A fair degree of understanding/ knowledge	A high level of understanding/ knowledge
1. When it comes to your experience and understanding of investing, how would you describe yourself?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you understand how Current Accounts, Savings/Deposit Accounts, Cash ISA, National Savings and Investments work and do you know the risks associated with them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Do you understand how Unit Trusts and General Investment Accounts work and do you know the risks associated with them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you understand how stocks and shares work and do you know the risks associated with them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Do you understand how Enterprise Investment Schemes and Venture Capital Trusts work and do you know the risks associated with them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Do you understand how pension planning and income in retirement works, and do you know the risks associated with them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Investor Experience - continued

	No	Yes, through a financial adviser	Yes, by myself	Yes, both through a financial adviser and by myself
1. Have you invested in Current Accounts, Savings/Deposit Accounts, Cash ISA, National Savings and Investments within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Have you invested in Unit Trusts and General Investment Accounts within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Have you invested in stocks and shares within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Have you invested in Enterprise Investment Schemes and Venture Capital Trusts within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Have you invested in pension planning and income in retirement products within the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Do you check the valuation of your investment and retirement portfolio on an annual basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Capacity for Loss

	Less than 3 years	3-9 years	10-14 years	15+ years
1. I am investing in order to meet goals at what point in my future (my investment horizon)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
1. I have or expect to incur significant outstanding debts during the period of my investment (e.g. mortgage or credit cards)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My spouse or partner (or another family member) is likely to be able and willing to support me financially if circumstances require.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. It would be relatively easy for me to cut my spending in retirement if circumstances require.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I am flexible about my retirement date (or other determinants of investment horizon)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Capacity for Loss - protection of capital

Select your ability to absorb any losses or tolerate failure to achieve your investment objectives. These are typical risks associated with investing in the stock market.

Low									High
10%	20%	30%	40%	50%	60%	70%	80%	90%	95%
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Notes** (details of any discussions regarding Capacity for Loss and how your capacity for loss was determined.)

## Enhanced Suitability

Please select the most appropriate responses to the 5 statements below. Please respond to all statements. This will help your adviser and you determine the type of investments that are suitable to you.

	Very important	Important	Neither important/not important	Not important
1. How important is it for you to know that the products that you invest in are covered by the UK Financial Services Compensation Scheme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. How important is it for you to know that all of your investments are accessible should you require the funds for emergency purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Some investments borrow money to increase the total amount invested. By doing this, it increases the risk to you as an individual, especially if the product is unable to repay the amount borrowed. How important, therefore, is it to you to avoid such risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. How important is it to you to know that the funds you invest in only trade in socially responsible areas of investment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. How important is it for you to be able to vary the underlying risks associated with your investments in line with changes in your personal circumstances?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Agreed risk profile

Select your ability to absorb any losses or tolerate failure to achieve your investment objectives. These are typical risks associated with investing in the stock market.

Natural risk level	
Your <b>natural</b> risk level is based on the answers given in the Attitude to Risk Questionnaire. This can be calculated using the table in the appendix.	

Agreed risk level	
Your <b>agreed</b> risk level is arrived at following an interactive discussion with your Adviser, taking into consideration your natural risk level, capacity for loss and required investment return.	

**Notes** (details of any discussions to reach your Agreed risk level)

**Other notes**

## Appendix

Based on the client's responses, calculate the scores for each, as shown in the table below. Responses that represent potential inconsistencies are shaded in grey

Question	Client responses				Client's score
	A	B	C	D	
1	5	10	15	20	
2	30	15	10	5	
3	20	15	10	5	
4	65	50	35	10	
5	5	10	15	20	
6	10	15	20	30	
7	40	30	20	10	
8	5	10	15	20	
9	5	15	20	25	
10	90	60	30	10	
11	85	65	45	25	
12	5	15	20	25	
<b>Total (round down decimals to the nearest whole number)</b>					

The scores correspond to the 10 risk profiles as follows:

Overall score	0-125	130-165	170-215	220-245	250-275	280-305	310-375	380-425	430-450	455-480
Natural risk profile	1	2	3	4	5	6	7	8	9	10

## Potentially inconsistent answers

If the client's final natural risk profile is **5 or higher** and they responded, as highlighted in grey above, to those questions, then there may be a level of inconsistency within their responses and you should discuss these with your client.

Question	Response
1. I would describe my investment approach as:	<b>A = 5</b> (Cautious)
4. To see a respectable gain on my investment, I am:	<b>D = 10</b> (Not willing to take risk with my assets)
6. In seeking a return on my investment, in the short-term I'm willing to accept:	<b>A = 10</b> (No risk of capital loss)
7. If I thought there was a possibility of my investment losing money, I would:	<b>D = 10</b> (Not invest)
11. When investing money to meet my objectives I would prefer to use:	<b>D = 25</b> (Bank deposits)

## Environmental, Social & Governance (ESG)

By providing responses to the following questions, we will attempt to find funds that align with your preference. Please be aware that due to a limited number of dedicated solutions and the limitations of reported ESG data, it may not be possible to find a product that meets your exact requirements.

### Environmental, Social and Governance Mandate

Please select the importance you place in the below ESG mandates for your fund or portfolio.

	Neutral	Slightly important	Important	More important	Very important
<b>ESG Engagement</b> Strategies that use shareholder engagement to pursue ESG goals with invested companies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Gender and diversity</b> Strategies that intend to invest in companies which intentionally and measurably address gender disparity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Community development</b> Strategies that intend to invest in companies with positive records in community development and engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Low carbon / fossil fuel free</b> Funds are designated as low carbon, where they take into account fossil fuel involvement and the expected ability of each company in the portfolio to adapt to a low carbon economy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Environmental</b> Strategies that invest in companies with a positive environmental record or are specifically involved in industries that positively impact the environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Renewable energy</b> Strategies that intend to invest in companies involved in the renewable energy sector.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Water focused</b> Strategies that intend to invest in companies with clean water practices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Impact</b> Investments made with the intention to generate positive, measurable, social and environmental impact alongside a financial return.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Environmental, Social & Governance (ESG) - continued

### Exclusions

A fund may be invested in assets that have an involvement in a range of environmental or social considerations. Please select below the importance of excluding funds or portfolios which have an involvement in the following industries.

	Neutral	Slightly important	Important	More important	Very important
1. Pesticides	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Palm oil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Nuclear power	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Thermal coal power generation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Thermal coal extraction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Fossil fuels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Oil sands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Genetically modified organisms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Adult entertainment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Alcohol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Animal testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Contraversial weapons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Fur and specialty leather	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Gambling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Military contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Small arms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Tobacco	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Client Declaration

Client Name:								
Signature	Date questionnaire completed							
	D	D	M	M	Y	Y	Y	Y