Synaptic Attitude to Risk Profiler

Client name:

Adviser name:

Adviser firm:

Investment Type: Pension ☐ Investment ☐ Other ☐ Please specify:

Synaptic Risk

Synaptic Modeller

About this questionnaire

This Questionnaire has been produced by Moody's Analytics (formerly Barrie + Hibbert) for use with any and all elements of the Synaptic Risk proposition, which includes the Synaptic Risk Ratings as accessible via the Synaptic Software website. The Risk Ratings are updated quarterly in downloadable table form or as a Risk Fact sheets.

Synaptic Modeller provides access to the same Moody's risk framework, and the questionnaire, the scoring and the alignment with Risk Categories within the Modeller tool are identical with this questionnaire, and can be used on an equivalent basis, assuming that the up to date version of the questionnaire is used.

The latest version of this form is available from the website, accessible to those who have *registered* for the Synaptic Risk Service.

Risk and Reward

Due diligence around investment risk is a key requirement for compliance, where proof of suitability must be provided. This questionnaire will form part of an assessment of Attitude to Risk, that relates your client's appetite for risk with a larger population. More importantly it will assist in ensuring that the relationship between risk and reward has been discussed, understood and audited, and that an appropriate level of risk has been identified for the client's investment objectives. The search for higher returns has a proportionately larger risk of loss attendant to it.

Using stochastic model for Risk assessment

Most investment risk management tools are built around volatility bands. Research is showing that volatility is becoming a less reliable proxy for risk than has been the case in recent years, and there are further shortcomings that are unavoidable when using deterministic models. The Synaptic Risk proposition is built around the stochastic model that is produced by the Moody's Economic Scenario Generator, perhaps the leading resource of its kind. The probability-based model of investment outcomes means that the adviser can explore all possible outcomes for the investment, from the best, to the worst and everything in between.

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Please access table of funds and portfolios rated by Synaptic Risk Ratings
the website **synaptic.co.uk**

Question Number	Risk Questions	Strongly Disagree	Disagree	No Strong Opinion	Agree	Strongly Agree	Score
1	People who know me would describe me as a cautious person.						
2	I feel comfortable about investing in the stock market.						
3	I generally look for safer investments, even if that means lower returns.						
4	Usually it takes me a long time to make up my mind on investment decisions.						
5	I associate the word "risk" with the idea of "opportunity".						
6	I generally prefer bank deposits to riskier investments.						
7	I find investment matters easy to understand.						
8	I am willing to take substantial investment risk to earn substantial returns.						
9	I've little or no experience of investing in stocks, shares or investment funds.						
10	I tend to be anxious about the investment decisions I've made.						
11	I'd rather take my chances with higher risk investments than have to save more.						
12	I'm not comfortable with the ups and downs of stock market investments.						
						Total	

ATR Level	Synaptic Risk Rating 1 · Synaptic Risk Rating 2 · Synaptic Risk Rating 3 · Synaptic Risk Rating 4 · Synaptic Risk Rating 5 · Synaptic Risk Rating 6 · Synaptic Risk Rating 7 · Synaptic Risk Rating 8 · Synaptic Risk Rating 9 · Synaptic Risk Rating 10 Very Cautious · Cautious · Moderately Cautious (Low End) · Moderately Cautious (High End) · Balanced (Low End) Balanced (High End) · Moderately Adventurous (Low End) · Moderately Adventurous (High End) · Adventurous · Very Adventurous
Score Range	Go to synaptic.co.uk to access the scoring

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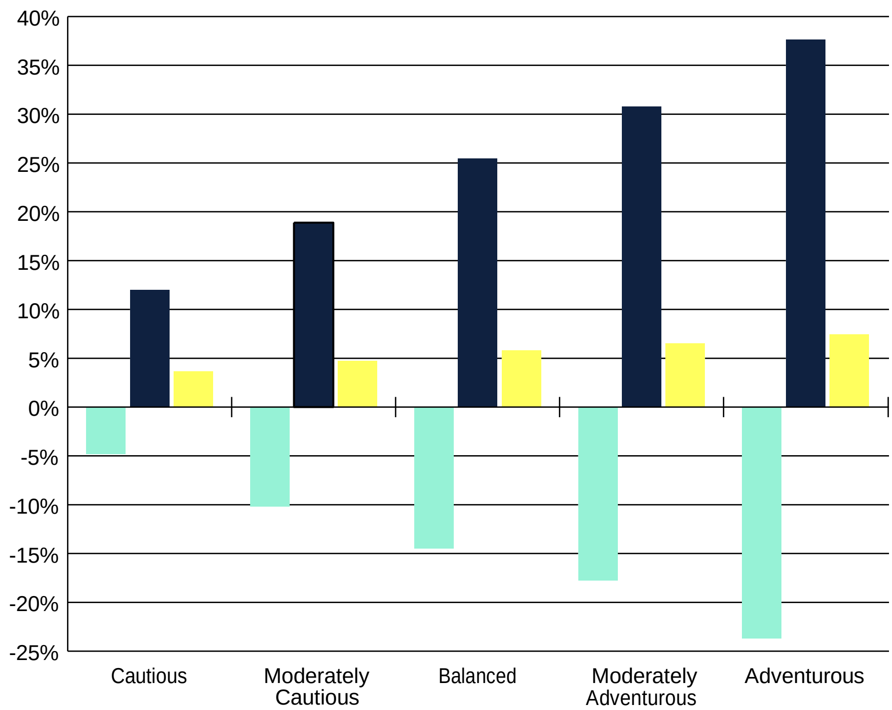
ATR Level	Description	Client Score
Synaptic Risk Rating 1 Very Cautious	Very Cautious Investors are distinctly risk averse, typically have little or no experience of investment and do not find investment matters easy to understand. They will usually take a long time to make investment decisions and tend to be anxious about any investment decisions they have made. They typically look for safer alternatives (such as bank accounts) rather than taking investment risk to target higher returns. Some very cautious investors will be unwilling to take any investment risk at all. Very cautious investors are more risk averse than about 95% of the investing population (i.e. compared to 95 people out of 100).	
Synaptic Risk Rating 2 Cautious	Cautious Investors are risk averse and typically have very limited experience and understanding of investments. They often take a long time to make investment decisions and tend to be anxious about any investment decisions they have made. They tend to associate risk with potential loss rather than opportunity. They typically look for investments with lower investment risk rather than seeking higher returns. They generally prefer bank accounts and are less willing to invest in stocks, shares and investment funds. Some cautious investors will be unwilling to take any investment risk at all. Cautious investors are more risk averse than about 90% of the investing population (i.e. compared to 9 people out of 10).	
Synaptic Risk Rating 3 Moderately Cautious (Low End)	Moderately Cautious Investors have fairly limited experience and understanding of investments. They often take a long time to make investment decisions and tend to be anxious about any investment decisions they have made. They are inclined to associate risk with potential loss rather than opportunity. They may prefer bank accounts or lower risk investments to higher returning but riskier investments (such as stocks, shares and investment funds). However, they may be willing to take some risk, once the relationship between risk and higher returns has been explained to them. Moderately Cautious Investors are more risk averse than about 70% of the investing population (i.e. compared to 7 people out of 10).	
Synaptic Risk Rating 4 Moderately Cautious (High End)	Moderately Cautious Investors have fairly limited experience and understanding of investments. They often take a long time to make investment decisions and tend to be anxious about any investment decisions they have made. They are inclined to associate risk with potential loss rather than opportunity. They may prefer bank accounts or lower risk investments to higher returning but riskier investments (such as stocks, shares and investment funds). However, they may be willing to take some risk, once the relationship between risk and higher returns has been explained to them. Moderately Cautious Investors are more risk averse than about 70% of the investing population (i.e. compared to 7 people out of 10).	
Synaptic Risk Rating 5 Balanced (Low End)	Balanced Investors have an attitude to risk in the middle 50% of the investing population and are neither very risk averse nor inclined to seek riskier investments. They often have some experience and understanding of investments. They can usually make investment decisions without too much hesitation or anxiety. They may find more comfort in banks accounts and lower risk investments than stocks, shares and investment funds, but understand that investment risk may be required to meet their investment goals.	
Synaptic Risk Rating 6 Balanced (High End)	Balanced Investors have an attitude to risk in the middle 50% of the investing population and are neither very risk averse nor inclined to seek riskier investments. They often have some experience and understanding of investments. They can usually make investment decisions without too much hesitation or anxiety. They may find more comfort in banks accounts and lower risk investments than stocks, shares and investment funds, but understand that investment risk may be required to meet their investment goals.	
Synaptic Risk Rating 7 Moderately Adventurous (Low End)	Moderately Adventurous Investors usually have some experience and understanding of investments. They tend to make investment decisions fairly quickly and are not generally anxious about the investment decisions they have made. They normally view risk as a source of opportunity rather than a threat and will understand how taking investment risk can help meet their investment goals. The potentially higher returns from higher investment risk will make investing in stocks, shares and investment funds more appealing than lower risk investments and bank deposits. Moderately adventurous investors are more tolerant of risk than about 80% of the investing population (i.e. compared to 8 people in 10).	

Synaptic Risk Rating 8 Moderately Adventurous (High End)	Moderately Adventurous Investors usually have some experience and understanding of investments. They tend to make investment decisions fairly quickly and are not generally anxious about the investment decisions they have made. They normally view risk as a source of opportunity rather than a threat and will understand how taking investment risk can help meet their investment goals. The potentially higher returns from higher investment risk will make investing in stocks, shares and investment funds more appealing than lower risk investments and bank deposits. Moderately adventurous investors are more tolerant of risk than about 80% of the investing population (i.e. compared to 8 people in 10).	
Synaptic Risk Rating 9 Adventurous	Adventurous Investors often have substantial experience and understanding of investments. They usually make investment decisions quickly and are not likely to be anxious about the investment decisions they have made. They typically view risk as a source of opportunity rather than a threat and will understand how taking investment risk can help meet their investment goals. They are comfortable investing in stocks, shares and investment funds and prefer riskier, but potentially higher returning, investments to keeping money in bank deposits. Adventurous Investors are more risk tolerant than about 95% of the investing population (i.e. compared to 95 people out of 100).	
Synaptic Risk Rating 10 Very Adventurous	Very Adventurous Investors often have substantial experience and understanding of investments. They usually make investment decisions quickly and are not likely to be anxious about the investment decisions they have made. They view risk as a source of opportunity and will understand how taking investment risk can help meet their investment goals. They are comfortable investing in stocks, shares and investment funds and prefer riskier, but potentially higher returning, investments to keeping money in bank deposits. Adventurous Investors are more risk tolerant than about 98% of the investing population (i.e. compared to 98 people out of 100).	

The Capacity for Loss Quotient

There are three key metrics taken from the distribution of investment outcomes from the stochastic model: the 'Minimum gain' which is the 95th percentile, the 'mean gain' which is the average and the 'maximum gain' which is the 5th percentile. The 'Minimum gain is also known as the 'Capacity for Loss' quotient. The investment outcomes at and below this point represent the 5% worst outcomes from the simulation. From a standard £10k investment over a ten-year term, the following bar graph illustrates how the model tracks the pay off between 'risk' and 'return'.



Key:

- Minimum (5% chance) Gain in a 1 year Period
- Maximum (5% chance) Gain in a 1 year Period
- Average (Mean) Gain in a 1 year Period

Question Number	Capacity For Loss Questions	Strongly Disagree	Disagree	No Strong Opinion	Agree	Strongly Agree
1	My Client doesn’t have any significant outstanding debts and doesn’t expect to incur any during the period of the investment (E.g. mortgage or credit cards).					
2	My Client’s spouse, partner or family member is likely to be able and willing to support them financially if circumstances require.					
3	It would be relatively easy for my Client to cut expenditure in retirement if circumstances require.					
4	My Client is flexible about their investment horizon. They could wait before using their investment.					