

SEI WEALTH CHANNEL
RISK PROFILE
QUESTIONNAIRE

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S > STRATE

E > ENTREP

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INVESTOR PROFILE QUESTIONNAIRE

Client

name/reference:

Introduction

This questionnaire is designed to help you identify your investment objectives and evaluate different investment options. This profile will help you to define important factors including the length of time you have to invest and your ability to withstand short-term volatility that may affect the value of your investment. Your feelings about investing and taking risks are also very important. This profile will help build the base of information needed for the development of an appropriate asset allocation policy and comprehensive investment plan.

Investment Objectives

The questions in this section are not scored numerically. These questions will be used as a frame of reference for choosing the asset allocation that best matches your investment goals. Please choose one answer for each question unless stated otherwise.

Question 1

What is the total amount to be invested into this portfolio?
£ _____

Question 2

What percentage of your entire investable assets does this portfolio represent?

- 75-100%
- 50-75%
- 25-50%
- 0-25%

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Question 3

What is your primary objective for this investment portfolio?

- To preserve the value of capital against inflation.
- To obtain growth of capital.
- To generate immediate income. If so, how much will you need annually (net _____ of _____ taxes):
£ _____
- To achieve a particular investment goal. If so, what goal(s) (e.g. retirement, _____ school _____ fees, _____ etc):

- To achieve this goal, what specific amount of money will you need, and at _____ what _____ date:
£ _____
- Other. _____ Please _____ explain:

Question 4

Which types of investment vehicles do you think may be most suitable for your portfolio? *Tick all that apply.*

- Collective investments (e.g. unit trusts)
- Direct security portfolios (e.g. individual shares and/or bonds)
- Both collective investments and direct equity portfolios
- No preference
- Don't know

Question 5

Which of the following investments do you feel comfortable owning? *Tick all that apply.*

- Cash, bank and building society accounts, and money market funds
- Gilts
- Other bonds – corporate bonds and high yield bonds
- U.K. shares
- Developed markets international securities (shares and bonds)
- Emerging markets international securities (shares and bonds)
- Alternative investments (private equity, hedge funds)

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Question 6

Are there any legal, social, tax or specific constraints that may be relevant to the management of this investment portfolio?

- Yes (please explain)
- No

Question 7

Are there any limitations to holding specific asset classes in this portfolio (e.g., no international investments, no emerging markets, no hedge funds)?

- Yes (please explain)
- No

Question 8

Over the long-term (103 years from 1900 to 2003), against a background of average annual U.K. inflation of 4.0%, U.K. shares have generated a historical annual return of 9.3%, U.K. bonds have returned 5.4%, and money markets have returned 5.0%¹. What do you expect the future annual return of your investment, net of charges, to be over the long-term, bearing in mind the Bank of England is currently targeting an inflation level of 2.5% per annum?

- 0% – 5%
- 5% – 10%
- 10% – 15%
- More than 15%

Question 9

If your investment portfolio suffered a temporary decline, could you cover your immediate cash flow needs from other sources of assets?

- No. There are no other assets that I could use to cover my immediate cash flow needs.
- Yes. I have other assets that I could use to cover my immediate cash flow needs, but it would be difficult to access them.
- Yes. I have other assets that I could use to cover my immediate cash flow needs, but some advance planning would be necessary.
- Yes. I have other assets that I could use to cover my immediate cash flow needs.

¹ Source: Millennium Book 3, Dimson Marsh and Staunton, London Business School / ABN AMRO, 2004

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Question 10

Which of the following best describes your attitude toward taxes and return?

- I prefer to incur as little taxes as possible and am willing to potentially sacrifice some after-tax returns to do so.
- I prefer to maximise my after-tax returns. If I incur taxes to do so, it is not a big concern.
- I prefer to strike a balance between earning potentially higher after-tax returns and some focus on minimising taxes.

Risk Tolerance

The questions in the following section are scored numerically. These questions will be used to identify an investment strategy that best matches your investment goals. Please choose one answer for each question.

Question 11

Which of the following statements best describes what your reaction would be if the value of your investment portfolio² suddenly declined 20% in a three month period?

- (a) I would be very concerned because I cannot accept fluctuations in the value of my portfolio.
- (b) I invest for long-term growth but would be concerned about even a temporary decline.
- (c) If the amount of income I received was unaffected, it would not bother me.
- (d) I invest for long-term growth and accept temporary declines due to market fluctuations.

Question 12

An investment decision involves the possibility of high return as well as the possibility of suffering a loss. What influences your thinking the most when making an important investment decision?

- (a) I am mainly influenced by the potential gain.
- (b) I am more influenced by the potential loss than the potential gain.
- (c) I am more influenced by the potential gain than the potential loss.
- (d) I am mainly influenced by the potential loss.

² The risk tolerance questions refer to an investment portfolio. Advisers may wish to extend the scope of these questions to not only the investment portfolio under consideration but also its constituent securities.

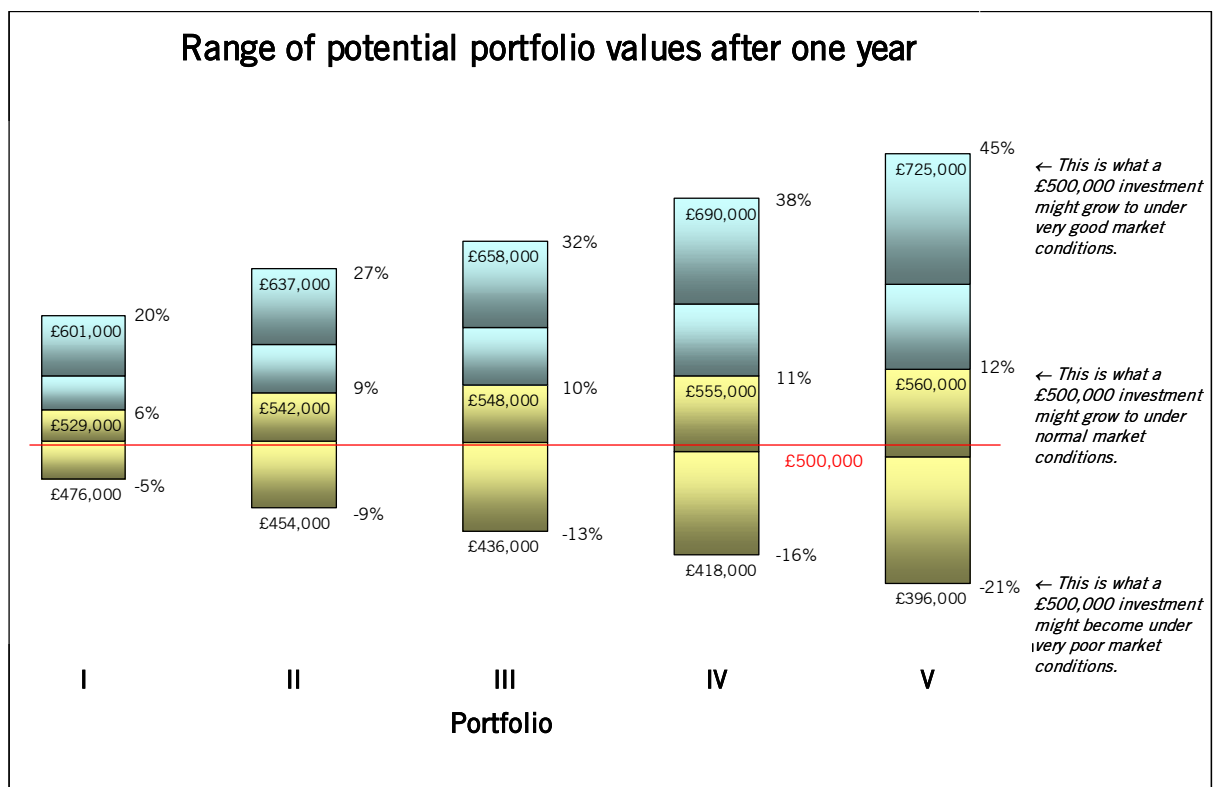
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Question 13

Each year, the value of your investment portfolio will fluctuate as markets change. If you invested £500,000, which of the following portfolios would you choose?

- (a) Portfolio I
- (b) Portfolio II
- (c) Portfolio III
- (d) Portfolio IV
- (e) Portfolio V



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Question 14

Which of the following statements best describes what your reaction would be to short-term (up to 1 year) fluctuations in this investment portfolio?

- (a) I would be extremely uneasy about any fluctuations in the value of my investment.
- (b) I would not worry about short-term fluctuations in the value of my investment.
- (c) I would be concerned about short-term fluctuations in the value of my investment.
- (d) I would have little concern about short-term fluctuations in the value of my investment.

Question 15

Consider the scenario where your company offers you two ways of collecting your bonus: either cash equivalent to 6 months' salary or a share option with a 50-50 chance of either doubling in value or becoming worthless within the year. Which would you take (ignoring any taxation effects)?

- (a) Definitely the options
- (b) Probably the cash
- (c) Definitely the cash
- (d) Probably the options

Question 16

Is it more important to aim for protection from inflation or to be assured of the safety of your original capital?

- (a) Much more important to be assured of the safety of my capital.
- (b) Somewhat more important to be protected from inflation.
- (c) Much more important to be protected from inflation.
- (d) Somewhat more important to be assured of the safety of my capital.

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Time Horizon

What is your time horizon for this investment portfolio?

- 0-5 years
- 5-10 years
- 10+ years

Consider the following questions when answering:

- *Will you need to make a large withdrawal from this portfolio? If so, when?*
- *How large of a withdrawal will you need make?*
- *How much do you plan to spend (both income and capital) from this portfolio each year?*
- *How much do you plan to contribute to this portfolio each year?*

Tax Sensitivity

Are your assets currently in a tax wrapper? If so please tick the type(s):

- No
 - Yes
 - PEP/ISA
 - Pension
 - EIS/VCT
 - Other:
-

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ADDITIONAL INFORMATION

Has the information you provided given an accurate picture of your financial situation? _____ Yes _____ No

Are there any other facts pertaining to your financial situation or investment experiences that we should be aware of? _____ Yes (please list) _____ No

I have reviewed the information I provided and my answers to each question. I understand that any investment recommendations made to me are based on the assumption that the information I provided on this questionnaire is accurate.

Applicant's Signature _____ Date

Joint Account Holder's Signature _____ Date
_____ (if applicable)

Name _____ of _____ Investment _____ Adviser

Investment _____ Adviser _____ Firm _____ Name

Investment Adviser Signature _____
Date _____

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Scoring Guide

Risk tolerance scoring matrix

Question	Choice				
	a	B	c	d	e
11	1	4	6	10	
12	10	3	7	1	
13	2	4	6	8	10
14	1	3	7	10	
15	10	3	1	7	
16	1	7	10	3	

Risk tolerance total score: _____

Time horizon (years): _____

In the grid below, find your risk tolerance score and time horizon. The letter code(s) in the relevant cell correspond with a recommended portfolio.

Risk Tolerance Score

	0-12	13-24	25-36	37-48	49-60
0-5	A	A	A or B	B or C	C or D
5-10	A	A or B	B or C	C or D	D or E
10+	A or B	B or C	C or D	D or E	E

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Portfolio descriptions

Portfolio	A	B	C	D	E1	E2
Equity	0%	40%	60%	80%	100%	100%
UK bonds	100%	60%	40%	20%	0%	0%
UK equity (% of total equity)		65%	60%	60%	55%	12%
Non-UK (% of total equity)		35%	40%	40%	45%	88%
	The non-UK equity is on a market capitalisation basis. The equity component of the portfolio can be viewed as market capitalisation with a domestic bias.					

A	This portfolio is invested 100% in UK bonds (where bonds are both government gilts and corporate bonds).
B	40/60 Balanced Model: This portfolio is invested 40% in equities, where 65% of the equity is invested in the UK and 35% in other developed and developing countries. The portfolio also invests 60% in bonds, where 60% of the bonds are UK and 40% are international.
C	60/40 Balanced Model: This portfolio is invested 60% in equities, where 60% of the equity is invested in the UK and 40% in other developed and developing countries. The portfolio also invests 40% in bonds, where 60% of the bonds are UK and 40% are international.
D	80/20 Balanced Model: This portfolio is invested 80% in equities, where 60% of the equity is invested in the UK and 40% in other developed and developing countries. The portfolio also invests 20% in bonds, where 60% of the bonds are UK and 40% are international.
E1	Growth Model: This portfolio is invested 100% in equities, where 55% of the equity is invested in the UK and 45% in other developed and developing countries with market capitalisation weights.
E2	Global Growth Model: This portfolio is invested 100% in equities, where 8% of the equity is invested in the UK and 92% in other developed countries with market capitalisation weights.

Moving from portfolio A to portfolio E represents pushing the efficient frontier outwards and taking a higher risk point on it, with associated higher expected return



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Appendix 1 – capital market assumptions

Capital Market Assumptions - Simple Returns

July 2004

UK Inflation	2.5%
US Inflation	2.5%

EQUITY	Expected Arithmetic Return	Total Standard Deviation	Alpha	Tracking Error	Index Standard Deviation
Continental Europe	11.71	18.5	2.00	4.00	18.04
Global Equities	11.05	16.4	1.70	3.00	16.15
US Large Cap	10.74	16.4	1.40	2.60	16.15
US Small Cap	13.65	22.6	3.10	3.90	22.25
Pan European Large Cap	11.39	16.7	2.00	4.00	16.20
Pan European Small Cap	13.48	17.2	4.00	6.00	16.12
UK Equities	10.88	15.4	1.70	3.00	15.09
Japan	13.32	23.7	2.50	4.00	23.39
Pac x-Japan	13.09	22.8	2.50	4.50	22.32
Emerging Markets	15.69	27.1	4.00	6.50	26.36

FIXED INCOME	Expected Arithmetic Return	Total Standard Deviation	Alpha	Tracking Error	Index Standard Deviation
U.S. Core	7.07	8.00	1.00	1.25	7.94
U.K. Core	6.16	4.70	0.50	1.00	4.63
U.K. Long Duration	6.29	7.00	0.50	1.00	6.94
European Core	6.38	9.10	0.50	1.00	9.09
US High Yield	9.75	11.60	1.65	3.00	11.24
Emerging Markets	10.23	14.50	2.25	6.00	13.16
Global	6.80	6.60	1.00	1.25	6.51

Correlation Matrix	Continental Europe	Global Equities	US Large Cap	US Small Cap	UK Equities	Japan	Pac x-Japan	Emerging Equities	U.S. Core FI	U.K. Core	Euro Core	UK Index Linked
Continental Europe	1											
Global Equities	0.85	1										
US Large Cap	0.73	0.89	1									
US Small Cap	0.68	0.77	0.85	1								
UK Equities	0.77	0.82	0.72	0.62	1							
Japan	0.43	0.68	0.39	0.37	0.45	1						
Pac x-Japan	0.62	0.72	0.68	0.67	0.66	0.43	1					
Emerging Equities	0.62	0.73	0.70	0.71	0.58	0.43	0.78	1				
U.S. Core FI	0.12	0.25	0.28	0.20	0.11	0.24	0.19	0.16	1			
U.K. Core	-0.19	-0.29	-0.32	-0.27	-0.26	-0.18	-0.16	-0.28	0.25	1		
Euro Core	0.15	-0.01	-0.12	-0.06	0.02	0.03	0.07	-0.05	0.23	0.54	1	
UK Index Linked	-0.13	-0.13	-0.15	-0.23	-0.14	0.02	0.03	-0.03	-0.01	0.52	0.42	1

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Appendix 2 – SEI Model Portfolio Weights

	40-60 Balanced Model	60-40 Balanced Model	80-20 Balanced Model	Growth Model	Global Growth Model
Equity	40.00%	60.00%	80.00%	100.00%	100.00%
UK	26.00%	36.00%	48.00%	55.50%	8.20%
Europe	2.30%	3.90%	5.20%	7.20%	14.90%
Japan	1.10%	1.90%	2.50%	3.50%	7.20%
Pacific Basin (x-Japan)	0.40%	0.70%	0.90%	1.30%	2.60%
Global Developed Markets	3.10%	5.20%	7.00%	9.70%	20.00%
US Large Cap	5.00%	8.70%	11.60%	16.10%	33.20%
US Small Cap	0.90%	1.50%	2.00%	2.80%	5.90%
Emerging Markets Equity	1.20%	2.10%	2.80%	3.90%	8.00%
Bonds	60.00%	40.00%	20.00%	0.00%	0.00%
UK	36.00%	24.00%	12.00%	0.00%	0.00%
International	24.00%	16.00%	8.00%	0.00%	0.00%

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