Risk Profile Descriptions

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Risk Profile 1 of 10 - Lowest

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that the amount of risk you take with your portfolio matches your willingness and ability to take investment risk. The ‘lowest’ risk profile shows that you want to take the least amount of investment risk possible with your money. A portfolio that matches this risk profile will be designed to reduce, as far as possible, falls in value. But the returns you make are also likely to be low. If inflation (the rate at which the prices of goods and services rise) is higher than the rate of return on your investments, the spending power of your money will be reduced.

A portfolio for this risk profile will only include cash deposits.

Risk Profile 2 of 10 - Very low

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘very low’ risk profile shows that your willingness and ability to accept investment risk is well below average. Any falls in the value of a portfolio that matches this risk profile should be very small. However, potential returns are also likely to be modest. So, if inflation (the rate at which the prices of goods and services rise) is higher than the rate earned on the investment, the spending power of your money will be reduced.

A portfolio for this risk profile is most likely to contain mainly low-risk investments, including money market investments and government bonds. It will also be expected to contain some other medium- and high-risk investments, such as property, sterling corporate bonds, global bonds as well as shares held usually in the UK. As a result, you should always check that you are comfortable with what’s included.

Risk Profile 3 of 10 - Low

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘low’ risk profile shows that your willingness and ability to accept investment risk is below average. Any falls in the value of a portfolio that matches this risk profile should usually be small. However, potential returns are also likely to be modest. So, if inflation (the rate at which the prices of goods and services rise) is higher than the rate earned on the investment, the spending power of your money will be reduced.

A target portfolio for this risk profile is most likely to contain mainly low-risk and some medium-risk investments, including money market investments, government bonds, UK corporate bonds, global bonds as well as Property. It will also be expected to contain some high-risk investments such as shares, held mainly in the UK but with smaller amounts in other developed markets as well as other higher-risk investments. As a result, you should always check that you are comfortable with what’s included.

Risk Profile 4 of 10 - Lowest medium

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘lowest medium’ risk profile shows that your willingness and ability to accept investment risk is just below average. A portfolio matching this risk profile is likely to experience both rises and falls in value. So, while there is potential for returns from your investment to match or go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment could fall in value, particularly in the short term.

A portfolio for this risk profile is most likely to contain mainly low- and medium-risk investments, including money market investments, government bonds, Sterling corporate bonds, and a mix of global bonds as well as Property. It will also be expected to contain some high-risk investments such as shares but held mainly in UK and other developed markets. Small amounts in other higher-risk investments may also be included. As a result, you should always check that you are comfortable with what’s included.

Risk Profile 5 of 10 - Low medium

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘low medium’ risk profile shows that your willingness and ability to accept investment risk is about average. A portfolio that matches this risk profile is likely to experience both rises and falls in value. So, while there is good potential for returns from your investment to match or go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment could fall in value, particularly in the short term.

A portfolio for this risk profile is most likely to contain low-, medium- and high-risk investments, including money market investments, government bonds, Sterling corporate bonds and global bonds as well as Property. It will also be expected to contain some high-risk investments such as shares, but held mainly in UK and other developed markets, and also a small amount in other higher-risk investments such as shares in emerging markets. As a result, you should always check that you are comfortable with what’s included.

Risk Profile 6 of 10 - High medium

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘high medium’ risk profile shows that your willingness and ability to accept investment risk is slightly above average. A portfolio that matches this risk profile is likely to experience some significant rises and falls in value. So, while there is good potential for returns from your investment to match or go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment is likely to fall in value from time to time, particularly in the short term.

A portfolio for this risk profile is most likely to contain mainly medium- and high-risk investments, including Sterling corporate bonds and global bonds including higher income types as well as Property and shares. The shares are expected to be held mainly in the UK and other developed markets, but there is also likely to be some in higher-risk emerging markets. As a result, you should always check that you are comfortable with what’s included.

Risk Profile 7 of 10 - Highest medium

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using 'diversification' – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It's important that your investment portfolio matches your willingness and ability to take investment risk. A 'highest medium' risk profile shows that your willingness and ability to accept investment risk is well above average. A portfolio that matches this risk profile is likely to experience significant rises and falls in value. So, while there is strong potential for returns from your investment to match or go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment could fall in value from time to time, particularly in the short term.

A portfolio for this risk profile is most likely to contain mainly high- and very-high-risk investments, such as UK, overseas developed and emerging market shares. It is also expected to have a small amount of medium-risk investments such as Property as well as Sterling corporate bonds and global bonds including higher income types. Always check that you are comfortable with the investments that are included in your chosen portfolio.

Risk Profile 8 of 10 - High

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

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It's important that your investment portfolio matches your willingness and ability to take investment risk. A 'high' risk profile shows that you are willing and able to take a high level of risk with your investments. A portfolio that matches this risk profile is highly likely to experience both significant rises and falls in value. So, although there is very strong potential for returns from your investment to go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment is very likely to fall in value from time to time, particularly in the short term.

A portfolio for this risk profile is most likely to contain high- and very-high-risk investments such as UK, overseas developed and emerging market shares. There is also likely to be a small amount in medium-risk investments such as Property and higher-income types of global bonds. Always check that you are comfortable with the investments that are included in your chosen portfolio.

Risk Profile 9 of 10 - Very high

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

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It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘very high’ risk profile shows that you are willing and able to take a very high level of risk with your investments. A portfolio invested to match this risk profile is highly likely to experience both significant rises and falls in value. So, although there is very strong potential for returns from your investment to go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), you also need to accept that your investment is very likely to fall in value from time to time, particularly in the short term.

A portfolio for this risk profile is most likely to contain high- and very-high-risk investments, such as UK, overseas developed and emerging market shares. Always check that you are comfortable with the investments that are included in your chosen portfolio.

Risk Profile 10 of 10 - Highest

Every investment can be described in terms of the amount of risk associated with it. Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed.

For example, investments such as cash deposits and bonds issued by the UK Government (known as gilts) are considered low risk. Property, corporate bonds issued by UK companies as well as other types of global bonds issued by overseas governments and companies are considered medium risk. In the case of global bonds, generally those which pay a higher income are riskier than those which pay a lower income level. Shares in companies in the UK and other developed markets are considered high risk, while shares from companies in emerging markets are considered very high risk. You can reduce the overall risk in a portfolio by using ‘diversification’ – in other words, spreading your money across different investments. By doing this, you can match your overall portfolio to the level of risk that is right for you.

It’s important that your investment portfolio matches your willingness and ability to take investment risk. A ‘highest’ risk profile shows that you are willing and able to take an extremely high level of risk with your investments. A portfolio invested to match this risk profile will probably experience very significant rises and falls in value. So, although there is extremely strong potential for returns from your investment to go above the rate of inflation (in other words, the rate at which the prices of goods and services rise), it is very likely that your investment will fall sharply in value from time to time, especially in the short term.

A portfolio for this risk profile is most likely to contain very-high-risk investments such as emerging market shares and a small amount in high-risk investments such as shares in UK and overseas developed markets. Always check that you are comfortable with the investments that are included in your chosen portfolio.

Distribution Technology Ltd
Sovereign House
Vastern Road
Reading
RG1 8BT

Email	sales@dynamicplanner.com
Telephone	+44 (0) 333 6000 500
Fax	+44 (0)118 950 3765

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