

AJ Bell Investments

# Risk profiling tools guide

Intelligent investing  
made easy



# Risk profiling tools

Ever since the financial crisis of 2008/2009, the use of risk profiling tools has been on the rise within the advice community. Designed to assist with the Know Your Client and investment suitability process, risk profiling tools seek to bring a more scientific approach to the subjective matter of assessing a client's:

- ability to take risk
- willingness to accept risk
- capacity for loss
- knowledge and experience

This information is then distilled into a risk rating for the customer and adviser to discuss.

At AJ Bell, our purpose is to help people invest. To assist advisers and customers with the identification of appropriate investment solutions, we have adopted an outcome orientated approach to product design. This approach focuses on customer outcomes.

We are also committed to offering choice, so as well as providing a variety of products across the entire risk spectrum, we have also partnered with a wide range of risk profiling tool providers.

As the market leader in this field, Distribution Technology has a long track record of using its Dynamic Planner risk questionnaire to help investors choose the right investment.

The AJ Bell range of MPS portfolios and AJ Bell Funds is designed to deliberately deliver the risk profiles identified by the Dynamic Planner system. This is known as 'risk targeting', and means that advisers adopting the Distribution Technology approach can be sure that the solution they choose aligns with their client's needs, providing a dovetailed approach to risk and return and making suitability seamless.

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6	MPS Income 1	MPS Income 2
<b>AJBell</b>	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Global Growth	Income	Income & Growth
<b>DYNAMIC PLANNER</b>								
<b>ev</b>								
<b>FinaMetrica</b>	OK Risk 37-48	OK Risk 46-57	OK Risk 58-69	OK Risk 66-80	OK Risk 75-100	OK Risk 75-100	OK Risk 59-71	OK Risk 75-100
<b>SYNAPTIC RISK</b>								
<b>defaqto</b>								
<b>Oxford Risk</b>	Oxford Risk 2/5 3/7	Oxford Risk 3/5 3/7	Oxford Risk 3/5 4/7	Oxford Risk 4/5 5/7	Oxford Risk 4/5 5/7	Oxford Risk 4/5 6/7		
Expected returns	2.5%	3.6%	4.8%	5.8%	6.6%	7.2%	4.7%	6.4%
Expected volatility	4.2 - 6.3%	6.3 - 8.4%	8.4 -10.5%	10.5 -12.6%	12.6 -14.7%	14.7 - 16.8%	8.4 - 10.5%	12.6 -14.7%

All returns are gross of fund OCF, transaction and platform fees. These figures are forward-looking, and are based on a five year + time horizon.

The value of investments can go down as well as up and your client may not get back their original investment.

However, this doesn't mean you have to use Dynamic Planner if you want to use our products and services. Thanks to our partnerships with the other major providers of risk profiling tools, including eValue, Finametrica and Synaptic, all of our portfolios can be mapped to the profiler of your choice.

For more information, contact your local Business Development Manager.

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### Important information:

- Expected returns are not guaranteed.
- Forecasted returns are based on AJ Bell's target weights for different asset classes in each fund. We then allow for the capital market assumptions of both Dynamic Planner and AJ Bell for the relevant indices for each asset class. If we believe certain asset classes are over or undervalued at any point in time, we may vary the asset allocation weightings accordingly.
- The expected return is the arithmetic mean return over a single holding period.
- Future returns are assumed to be in line with market returns and conditions experienced over the last 15 years.
- All projected returns are before fees and any other charges.
- The projected returns shown may vary according to the tax treatment of your investment.
- If you pay tax on this investment, your returns may be lower. Tax depends on your personal circumstances and the rules can change at any time in the future.
- The data used in this illustration is valid as at February 2021.



This guide provides general information about the AJ Bell Funds and Managed Portfolio Service. It should not be read or construed as investment advice. It is your responsibility to assess your client's circumstances and make a personal recommendation that is suitable for their needs.