



**risk**type  
**compass**™

Investor Report



PCL | 8 Mount Ephraim | Tunbridge Wells  
Kent | TN4 8AS

[www.psychological-consultancy.com](http://www.psychological-consultancy.com)

**Sam Sample**

## Introduction

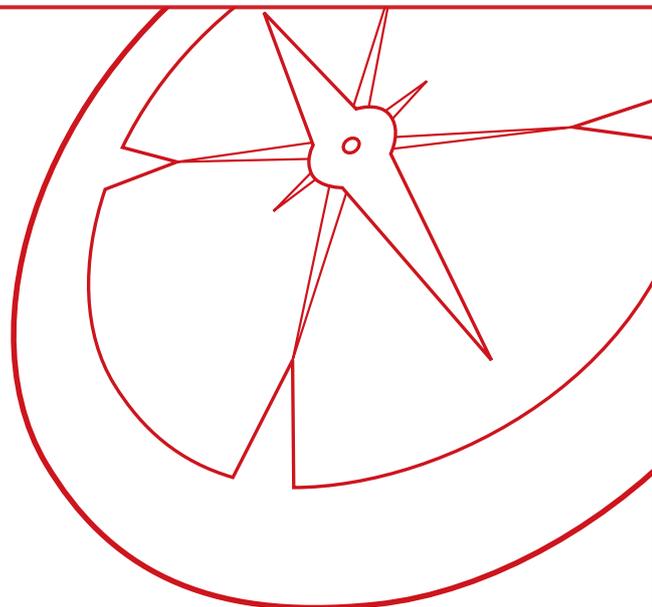
Understanding this report Page 2

Risk Type

Risk Attitude

Risk Behaviour

Risk Type Definitions Page 3



# 01

## Part 1: Risk Type

Page 4

Interpreting the Risk Type graphic

Your Risk Type

Upside Tendencies of this Risk Type

Page 5

Downside Tendencies of this Risk Type

Your most prominent characteristics

Page 6

Opposite Risk Type

Neighbouring Risk Type

# 02

## Part 2: Risk Attitude

Page 7

Interpreting the Risk Attitude graphic

Your Risk Attitude profile

# 03

## Part 3: Risk Tolerance

Page 8

Overall rating for Risk Tolerance

Your Risk Tolerance index (RTi)



# Introduction

## Understanding this Report

Any financial investment involves some risk but the degree of risk you are exposed to can vary considerably from one investment vehicle to another. You will need to decide what level of risk you would be comfortable with. This Risk Type Compass® report has been designed to help you in exploring your current predisposition to risk and your capacity to manage the risks involved in making investments.

Two key factors determine your approach to investment risk. Firstly, there are aspects of your natural temperament that will establish your general reaction to any kind of risk or uncertainty (Risk Type). Secondly, experience and personal circumstances will also influence your attitude towards different areas of risk (Risk Attitude). These two factors have been explored through your completion of the Risk Type Compass® questionnaire and everything from page three in this report is based on your responses to those questions.

### Risk Type

The Risk Type Compass® assessment places you in one of eight Risk Types. Your Risk Type reflects your natural temperament, the foundation upon which your risk taking tendencies have been built – to what extent you are, for example, naturally adventurous and optimistic as opposed to being cautious and anxious about uncertainty, or to what extent you plan things carefully or act on impulse. Risk Type is deeply rooted and has a broad influence on how much risk you are willing to take, how much uncertainty you can cope with and how you react when things go wrong.

### Risk Attitude

Risk Attitude is focused on the effects of life experience and your personal circumstances and how these also contribute to your risk taking behaviour. Risk Attitude may vary from situation to situation. For example, previous experience of investment would influence your willingness to take investment risk, as would your financial circumstances. To give you a feel for how your capacity to deal with different kinds of risk has developed, this report highlights the variability in your Risk Attitude across five important areas of risk taking, including financial risk.



### Risk Behaviour

Taken together, consideration of your Risk Type and Risk Attitude will guide you to a better understanding of your current appetite for financial risk. The key to effective use of this report is to appreciate that Risk Type is deeply rooted and unlikely to change, whilst Risk Attitude will change as a consequence of experience, exposure and events. This report will give you the opportunity to review and reflect on your risk taking behavior. It is hoped that this will help you to make informed decisions about the suitability of different investment opportunities.



# Introduction

## Risk Type Definitions

### The Spectrum of Risk Types

Ranked according to risk comfort zone

**WARY:** Shrewd, vigilant, controlling

Ultra sensitive about vulnerability and exposure to risk in any situation, they are zealous about eliminating uncertainty and fervently seek to establish order and control events.

**INTENSE:** Apprehensive, risk aware, ardent

They invest enthusiastically in people and projects but are alert to the prospect of things going wrong. Feeling strongly about disappointment, they don't make the same mistake twice.

**PRUDENT:** Systematic, orthodox, detailed

Their primary concern is to establish clarity and order in objectives and processes. They adopt a systematic and methodical approach and seek to eliminate all ambiguity.

**EXCITABLE:** Enthusiastic, anxious, committed

Decisions are fueled by enthusiasm for exciting ideas and opportunities but tempered by sensitive risk antennae. They may wrestle over decisions but will go in deep once committed.

**THE AXIAL GROUP:** Balanced, proportionate, conventional

Conservative and equitable, their central position allows a uniquely balanced view and appreciation of the other Risk Type extremes; potentially a mediating influence in any group.

**DELIBERATE:** Analytical, investigative, calm, business-like

Calm, calculated and sure-footed, they are not easily unnerved, but they test the ground thoroughly and like to do things 'by the book'. They like to plan ahead and be well prepared.

**CAREFREE:** Audacious, curious, unconventional

They see opportunity before risk and relish the adrenaline of the on-the-fly decision making required in fast moving situations and at times of urgency or change.

**COMPOSED:** Calm, resilient, optimistic

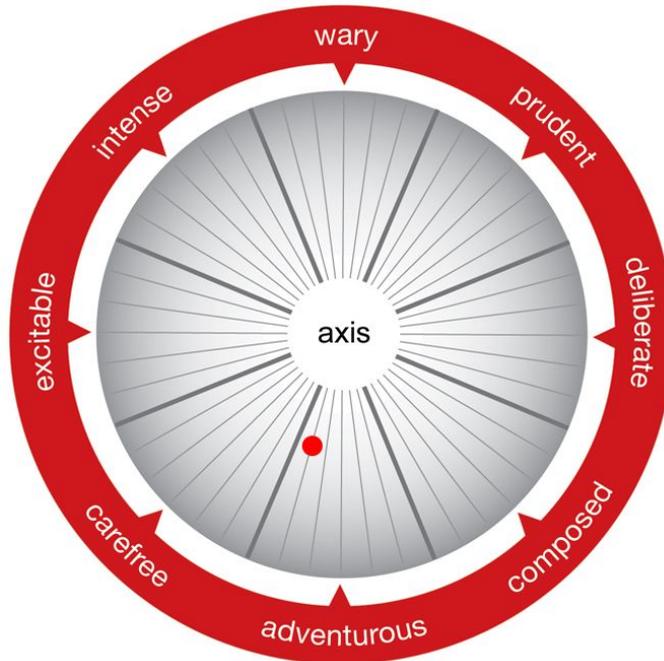
Strangers to anxiety and dispassionate in their decision making, they deal well with stress and will be a steadying and reassuring influence through challenging times.

**ADVENTUROUS:** Intrepid, enterprising, undaunted

Fearless and confident, they enjoy the excitement of breaking new ground and reaching for ambitious objectives. They will be frustrated by resistance and keen to take things forward.

## How strongly do you reflect your Risk Type?

The marker (●) denotes which of the 8 Risk Types best fits your disposition towards risk. The nearer it is to the outside edge, the more accurate that type description will be for you. For those nearer the centre, their Risk Type will colour their disposition towards risk, but not so intensely. The Risk Type Compass® is a continuous spectrum, with each type sharing some characteristics with its neighbours and with facing types being opposites. This assessment identifies you as a mild example of the Adventurous Risk Type. Your marker falls close to a type boundary, so it will also be worth reading the neighbouring type description.



## Risk Type: Adventurous

At the root of this Risk Type is a combination of a gung-ho impulsivity and fearlessness. The most extreme examples are people who are neither anxious about risk nor much restrained by caution. They combine impulsivity with a deeply constitutional calmness and are not in awe of custom, tradition or convention. These are imperturbable, intrepid excitement seekers who keep their nerve.

At a more general level, this type are resilient and attracted by excitement. They will be open to new experiences and will deal unemotionally with disappointments and unexpected turns of event. Their positive, upbeat outlook, and desire for stimulating challenges allows them to pursue their adventures with equanimity. Not particularly well organised or prudent, their decision-making is likely to be influenced by both their lack of anxiety and their impulsiveness.

Risk Type descriptions are informed generalisations based on decades of personality research and experienced profile interpretation. While the essence of a type description will be accurate for the majority of those falling into that group, individuals will vary in particular details and in the degree to which type characteristics dominate their overall persona.

The following pages will help you to consider your fit with this Risk Type.

Any personality characteristic will have its advantages and its disadvantages, depending on the situation. What works for someone in one context may work against them in another. This page highlights some of the most common benefits and limitations associated with your position on the Risk Type Compass®. The bullet points below will be most characteristic of the more extreme Risk Types - those positioned nearest to the outer edge. Those closer to the Axis will be less influenced by these points. Those falling within the Axis centre circle will be neutral in respect of Risk Type characteristics but there will be particular benefits as well as disadvantages associated with this central position.

### Upside tendencies of this Risk Type:

The following highlights the potential benefits for this Risk Type in relation to decision making about investments:

- This type tends to be calm and level-headed, even in situations that unsettle others
- Such people are likely to be open minded about new opportunities
- They are likely to be accepting and unperturbed when things go wrong
- These people remain composed, even when faced with difficult financial markets
- They are unlikely to dwell on past decisions that cannot easily be changed
- They tend to be confident in their ability to make decisions
- This type tend to be optimistic about future improvements even in turbulent markets
- Such people are likely to be relaxed about changes in investment strategy
- They may take a fairly flexible approach to their investments

### Downside tendencies of this Risk Type:

The following highlights the potential disadvantages for this Risk Type in relation to decision-making about investment:

- People like this can be unpredictable and capable of making rash decisions
- They have a tendency to be confident and sometimes unrealistically optimistic
- At times they may seem oblivious to the level of risk associated with a financial decision
- They may miss vital new information due to over confidence in previous portfolio decisions
- This type can be impulsive and may not think through the consequences of their decisions
- They are not always receptive to guidance and may not be afraid to challenge advice
- Such people may not always comply with procedures and may be inclined to bend the rules
- They may be disorganised in their affairs and struggle to provide detailed information
- People like this can be quite forgetful about completing forms or reading documents
- Impatient with details, they may ignore small process steps involved in financial planning

### Your most prominent characteristics:

This assessment identifies you as a mild example of the Adventurous Risk Type.

**The following points identify the most distinct characteristics for you, as defined by your questionnaire responses. They may help you to moderate or elaborate your Risk Type description:**

- You may be prone to feelings of resentment when things don't work out well.
- You will rarely worry about things unnecessarily, or easily become unduly apprehensive.
- You seem generally disposed to trust others and have faith in their good intentions.
- You seem practical, down to earth and unsentimental.
- You appear to be excited by variety, novelty and new ventures.
- You seem quite a reckless person who could get involved in hazardous ventures.
- You seem to find ways to work around the rules rather than feeling the need to comply.

**The following may also help you to understand your position on the Risk Type Compass® :**

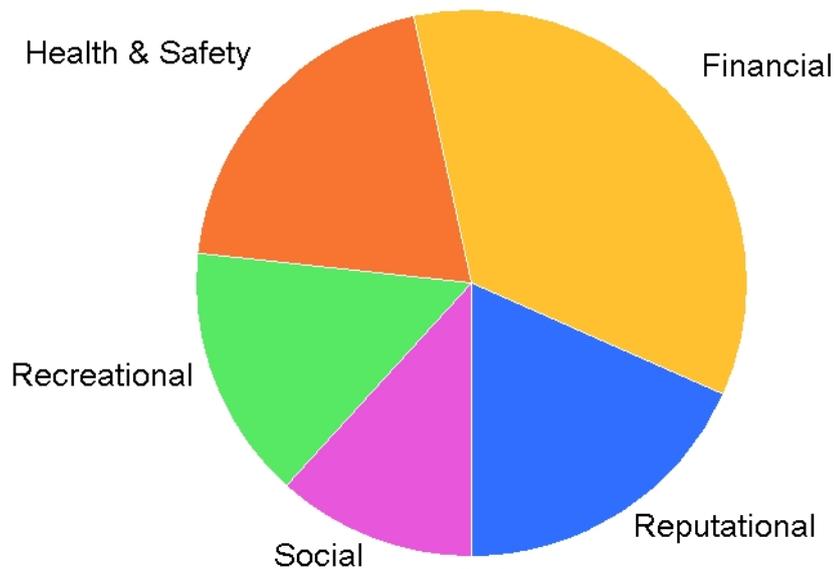
### Opposite Type: Wary

Characterised by a combination of self-discipline and concern about risk, these are cautious, organised people who put security at the top of their agenda. They are likely to be alert to the risk aspect of any opportunity before evaluating any potential benefits. Ideally, such people like to know precisely what they can expect. This quest for certainty may make it difficult to make decisions. At the extreme they will be strongly attracted to the idea of securing their future but anxious that, however well it has worked for others, something may go wrong in their case.

### Neighbouring Type: Carefree

At the root of this Risk Type are high levels of impulsiveness and unconventionality. They dislike repetitive routine and don't really like being told what to do. Such people may seem excitement seeking and, in extreme cases, reckless. Not being good at detail or careful preparation, they may seem rather vague about their intentions and objectives. Their impatience, impulsivity and distractibility might leave them exposed to imprudent and hasty decisions

Although Risk Type establishes your baseline disposition towards risk in general, this will be moderated by life experience and by your personal circumstances. Risk Attitude may therefore vary over time and in respect of different kinds of risk. Below we compare your attitudes to Financial Risk with four other domains: Social Risk, Health & Safety Risk, Reputational Risk and Recreational Risk.



### Where you are most comfortable taking risks

The size of the segments in the graphic show how relatively comfortable you currently are in taking financial risk as compared to other domains. Rather than comparing you to other people, this graphic is about your own preferences. The segments show which kinds of risk you are most comfortable with.

### Your Risk Attitude profile

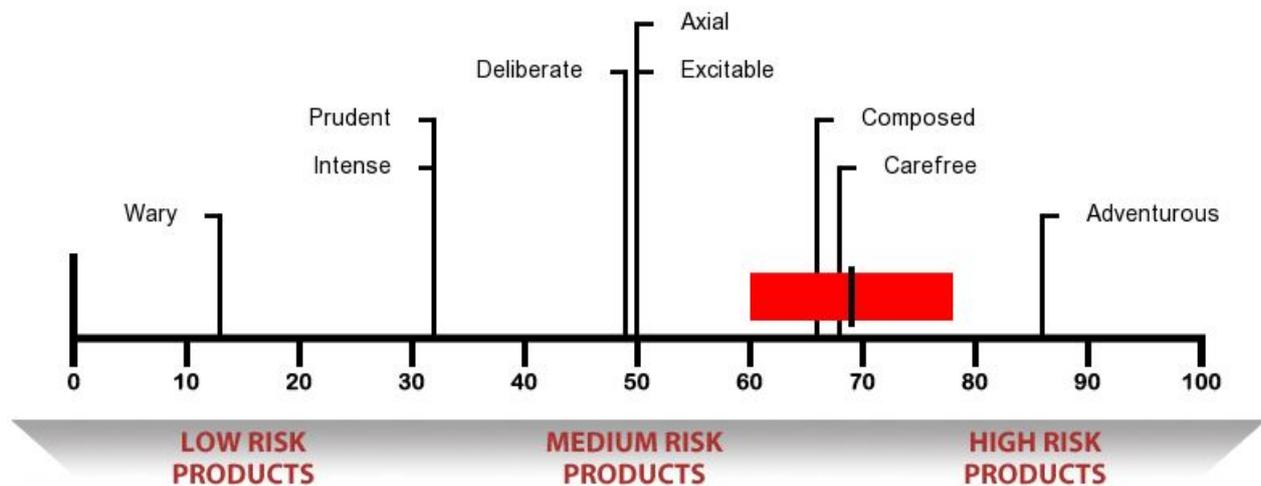
These results suggest that your Risk Attitude will be quite variable, influencing the amount of risk you are prepared to take in different situations and circumstances. It is not unusual for people to be more comfortable taking risks in areas where they are on familiar territory, where they have experience and expertise, or in situations that are not critical in any way. However, this variability of attitude will have a moderating effect on the way that one's Risk Type plays out in different environments.

Of the five areas where Risk Attitude has been assessed, the Financial area is the one in which your attitude will most influence the risks you are prepared to take. In some matters of finance you may therefore be prepared to be more flexible and risk-taking than suggested by your Risk Type.

The area where your attitude seems to be most cautious and conservative is Social Risk.

The graphic below shows your Risk Tolerance Index (RTi), an overall estimate of your tolerance for risk based on both your Risk Type and your Risk Attitude. Your marker's position on the Risk Type Compass defines your RTi, and the extent to which your attitude varies for different types of risk situations defines your Comfort Zone. This is represented in the graphic below by the bar on the chart. The average RTi scores for strong examples of each Risk Type are also mapped onto the RTi scale as points of reference.

The banner under the RTi scale indicates a recommended risk category for financial products. This should be taken as a guide for decision making. Financial products will vary considerably even within these three categories, so your position on the scale and whether you are near the top or bottom of a risk category needs to be taken into account when discussing recommendations with your Financial Adviser.



The marker within the bar in this RTi graphic marks the level of risk tolerance associated with the Risk Type rating. The length of the bar indicates the variability in Risk Tolerance suggested by differences in Risk Attitude across the five risk domains. Your actual Financial Risk Tolerance level will lie within this range.

<b>Summary for: Sam Sample</b>	
<b>Your Risk Type:</b>	<b>Adventurous (mild)</b>
<b>Your Attitude Variation:</b>	<b>High</b>
<b>Your RTi:</b>	<b>69</b>
<b>Investment Recommendation:</b>	<b>Medium Risk</b>

The responses to the items on the Risk Type Compass® Consistency scale indicate that the profile is valid and interpretable.