FinaMetrica
Risk Tolerance Profiling

FinaMetrica Risk Tolerance Score Mappings

FinaMetrica provides advisers with the tools and procedures that lead to their clients' properly informed commitment. This mappings guide helps facilitate the investment strategy selection process for **Rathbones MAPs, Bespoke models, and MPS** by matching clients' risk tolerance score to a fund. This enables an apples-to-apples comparison between risk tolerance and investment risk.

The following is a summary of the FinaMetrica three factor risk profiling methodology as recommended for use by advisers. It's been designed to be of assistance to fund manager's field staff. A more detailed explanation can be found at http://www.riskprofiling.com/Downloads/QuickStart_Guide.pdf

➢ Step One

Once the client has completed the FinaMetrica risk test the adviser reviews the report with their client. The client confirms they are comfortable that the score reasonably represents their risk tolerance.

➢ Step Two

The adviser maps the clients' risk tolerance score to a specific fund in the portfolio suite shown below. This is an indication of how likely the fund will deliver returns and volatilities that meet the client's emotional preferences.

FinaMetrica Risk Tolerance Score Mappings for **Rathbones MAPs, Bespoke models and MPS.**

		Risk Tolerance Score Ranges					
		Risk Comfort/Discomfort Zones for Each Portfolio					
Rathbones MAPs	Growth Assets	Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Total Return	35%	30 - 48	< 30	30 - 37	38 - 49	50 - 55	> 55
Defensive Growth	50%	49 - 57	< 41	41 - 46	47 - 58	59 - 64	> 64
Strategic Income	66%	58 - 68	< 51	51 - 55	56 - 68	69 - 75	> 75
Strategic Growth	66%	59 - 67	< 51	51 - 55	56 - 68	69 - 75	> 75
Dynamic Growth	83%	69 - 83	< 61	61 - 66	67 - 81	82 - 100	n.a.
Enhanced Growth	100%	84 - 100	< 72	72 - 79	80 - 100	n.a.	n.a.

		Risk Tolerance Score Ranges					
		Risk Comfort/Discomfort Zones for Each Portfolio					
Rathbones Bespoke Model	Growth Assets	Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Core 1	25%	21 - 42	< 21	21 - 29	30 - 43	44 - 49	> 49
Core 2	40%	43 - 51	< 34	34 - 40	41 - 52	53 - 58	> 58
Core 3	55%	52 - 61	< 44	44 - 49	50 - 61	62 - 67	> 67
Core 4	71%	62 - 72	< 53	53 - 58	59 - 71	72 - 79	> 79
Core 5	88%	73 - 85	< 64	64 - 69	70 - 88	89 - 100	n.a.
Core 6	100%	86 - 100	< 72	72 - 79	80 - 100	n.a.	n.a.

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Rathbones Investment Management MPS Model	Growth Assets	Risk Tolerance Score Ranges Risk Comfort/Discomfort Zones for Each Portfolio Best Fit	Too Much Risk	Marginal	OK Risk	Marginal	Too Little Risk
Conservative Strategy	30%	26 - 45	< 26	26 - 33	34 - 46	47 - 52	> 52
Cautious Strategy	45%	46 - 53	< 38	38 - 43	44 - 55	56 - 61	> 61
Cautious Plus Strategy	55%	54 - 57	< 44	44 - 49	50 - 61	62 - 67	> 67
Balanced Strategy	60%	58 - 62	< 47	47 - 52	53 - 64	65 - 71	> 71
Balanced Plus Strategy	70%	63 - 68	< 53	53 - 58	59 - 71	72 - 79	> 79
Growth Strategy	80%	69 - 78	< 59	59 - 64	65 - 79	80 - 92	> 92
Growth Plus Strategy	95%	79 - 100	< 68	68 - 74	75 - 100	n.a.	n.a.

For v3.0 and s3.0 risk tolerance profiles.

- The Best Fit ranges divide the FinaMetrica 0 to 100 risk tolerance scoring scale across the funds, showing, for this set of funds, which is most appropriate for a particular risk tolerance score, and
- The Too Much/Marginal/OK/Marginal/Too Little score ranges provide score ranges for each of the funds considered in isolation and are the primary guide to whether a particular fund is suitable from a risk tolerance perspective.

➢ Step Three

The adviser can then test the extent to which that fund is likely to meet their client's needs as they fall due within their capacity for loss.

➢ Step Four

It's possible that the fund that mapped to risk tolerance may not meet the client's financial needs or loss capacity. In that case the client will likely need to make some trade-offs in collaboration with the adviser. It may lead to adjustments to the client's financial plan that includes goal and behavioural changes or the selection of a fund that's less consistent with their risk tolerance.

➢ Step Five

The adviser should keep clear records of the discussion and reasons for the fund selection.

➢ Step Six

On a regular basis the adviser should review how well the fund continues to map to the client's risk tolerance, financial needs and loss capacity.

For more information, including the methodology upon which the table is based, advisors should refer to the Asset Allocation Mappings calculator and its guide, which can be found under System Resources at www.finametrica.com and also at www.riskprofiling.com.

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