

# RISK / VOLATILITY RATING SHEET

RISK/VOLATILITY RATING							
Category	1	2	3	4	5	6	7
	Cash	Government Bonds	Protected Funds	Cautiously Managed Funds	Balanced Managed Funds	Aggressive Managed Funds	Commodity Funds
		Capital Secure Funds	Multi Asset Fund (ESMA 3)	Diversified Cautious Fund	Consensus Funds	Equity Funds	Emerging Markets
		Tracker Funds	With Profit Funds	Multi Asset Fund (ESMA 4)	Property Funds	High Yield Fund	Geared Property Funds
		Fixed Rate Deposit	Corporate Bond Funds	Absolute Returns Funds	Multi Asset Fund (ESMA 5)	Currency Fund	Geared Equity Funds
<b>Volatility Range</b>	<b>0% &lt; 0.5%</b>	<b>0.5% &lt; 2%</b>	<b>2% &lt; 3%</b>	<b>3% &lt; 6%</b>	<b>6% &lt; 10%</b>	<b>10% &lt; 15%</b>	<b>15% + / -</b>

The funds above have been categorised into seven levels of volatility. We have described the volatility level in terms of the risk involved in investing in the fund. The more volatile a fund is the riskier it tends to be. The risk descriptions we have used are based on the assumption that all investments are on a minimum 5-year time horizon - medium to long term basis. If an investment is shorter in term it will tend to have a greater level of risk than the description given.

Risk describes the chance of a fund failing to meet its investment objective. **Risk and Return are highly correlated**, so investments which produce higher returns over time tend to carry a higher degree of risk, i.e. have a higher degree of volatility of returns. Risk can typically be reduced through diversification (splitting the investment 'eggs' between different 'baskets') and time (the longer volatile investments are held, the less volatile the returns become).

The **Volatility Rating** gives a guide to the risk and return characteristics of each fund. Funds with more stable fund prices show less volatility and funds with less stable fund prices show higher volatility. Funds are rated by considering how investments in similar classes vary from month to month. Typically the higher the volatility the greater the potential returns, but also the greater the potential for losses. The ratings shown are on a scale of 1 to 7, where 1 is more stable and 7 is less stable. The funds above are grouped by their Volatility Rating.

**Please Note: The above is for illustration purposes only and Risk Categorisation of funds can vary.**

Oakwood Financial Advisors Limited

Directors: Ronan McGrath BFS QFA Sinead Duffy MII

16 Fitzwilliam Street Upper, Dublin 2, Ireland D02 Y221 (Registered Office)

CRO No. 542905

T: +353 1 652 3070

E: [info@oakwoodfinancial.ie](mailto:info@oakwoodfinancial.ie)

[www.oakwoodfinancial.ie](http://www.oakwoodfinancial.ie)

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