

Using the Preference Questionnaires — Adviser Guide

This guide should be used alongside the Investment Preference Pathway Adviser Guidance Notes.

Purpose of the questionnaires

The preference questionnaires are designed to help clients express their investment preferences in more detail, where appropriate.

They:

- support deeper conversations where clients want to be more specific
- provide structure to capture preferences consistently
- form part of the overall suitability assessment

They are not required for every client and should be used proportionately.

When to use a questionnaire

Use a questionnaire where a client:

- expresses clear or strong preferences that go beyond any short notes on the 'Investment Preference Pathway — Record' document
- wants to define specific themes, exclusions or outcomes that go beyond any short notes on the 'Investment Preference Pathway — Record' document
- is unsure and would benefit from structured discussion

→ Do not use a questionnaire as a default step in every case. Some clients will prefer to keep things simple and be comfortable leaving decisions to the adviser or fund manager. This is a valid and appropriate outcome and is, in itself, an informed choice.

How to use the questionnaires

Use the appropriate questionnaire as a discussion tool, rather than simply a form to complete.

In practice:

- guide the client through relevant sections
- focus only on what is meaningful to them. Where relevant, consider whether a specific framework (such as the 'Preference Questionnaire — United Nations Sustainable Development Goals') would help the client express their preferences more clearly
- avoid completing all sections unless appropriate
- use plain language to explain options and trade-offs

→ For the questionnaires, make it clear that not all sections need to be completed and that the aim is to identify what matters most.

Interpreting client responses

Client responses represent preferences, but the strength and nature of those preferences will vary. You should:

- interpret responses in the context of the client's overall circumstances
- consider how preferences interact with risk, diversification and objectives
- identify whether preferences are:
 - broad or indicative (e.g. general interest in sustainability)
 - specific but flexible (e.g. preferred themes or exclusions)
 - firm or non-negotiable (e.g. religious beliefs or strongly held values)

Where preferences are firm or values-based, they may need to be treated as constraints within the advice process, rather than preferences that can be balanced or adapted. In these cases:

- particular care should be taken to avoid foreseeable harm
- the client's expectations should be clearly understood and respected
- any limitations or practical constraints should be explained carefully

The level of detail and interpretation required will vary by client. Where preferences are treated as constraints, this should be clearly reflected in the recommendation and supporting documentation.

Applying preferences in practice

Not all client preferences can be applied exactly as expressed.

You may need to:

- balance preferences with diversification and risk
- prioritise certain preferences over others
- adapt how preferences are implemented within available solutions

Where relevant:

- explain any limitations or trade-offs
- ensure the client understands the implications

Managing expectations

Clients may:

- expect specific real-world outcomes
- assume all preferences can be fully met

You should clearly explain:

- different investments take different approaches
- outcomes are not guaranteed
- the role of fund managers in implementation

→ This is particularly important where sustainability or impact preferences are expressed, as outcomes may vary significantly between investments, and in some cases real-world impact may be indirect.

Recording and evidencing

The questionnaire supports, but does not replace, suitability. You should:

- record how preferences were discussed and interpreted
- document any trade-offs or limitations
- explain how preferences have been reflected in the recommendation
- note any differences between client expectations and the final outcome

→The aim is to evidence that the client has made an informed decision, and that the recommendation is suitable.

Need more info?

Please don't hesitate to get in touch with us if you have any questions:

✉ elly@inaccord.co.uk or ✉ lee@inaccord.co.uk.