

# Are you a risk taker?

► Our quiz will tell you about your investment style — fearless gambler, worrier, or something in between



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Everyone has a different risk tolerance profile when it comes to personal investments. Take our little quiz to see which category you fit into.

**1. Suppose you unexpectedly inherited \$20,000 to invest. You would:**

A. Deposit it in a savings account or money market fund.

B. Invest it in high-quality bonds or mutual funds.

C. Invest it in a portfolio of common stocks.

**2. Given the opportunity to participate in a new venture that could pay up to 100 times your investment, but has only a 20% chance of success, how much would you invest?**

A. Nothing.

B. One month's salary.

C. Six month's salary.

**3. When choosing a new financial investment, you always:**

A. Enlist the services of a Certified Financial Planner for investment advice.

B. Do some research of your own over the Internet.

C. Flip a coin.

**4. When you lose money on an investment, your reaction is...**

A. I don't suffer losses because my investments are always low-risk.

B. I feel guilty and take it personally.

C. It's just the cost of doing business.

**5. When it comes to your personal investments, when you hear the word "risk", you immediately think:**

A. I could lose some money.

B. There is a degree of uncertainty, but I'm OK with that.

C. Here is an opportunity to make some cash.

**6. My attitude toward savings is:**

A. I always put away a certain percentage of my salary every month.

B. I try to save whenever I can.

C. I don't see any reason to save.

**7. If you had assumed a fair degree of risk in your portfolio, you:**

A. Would have trouble sleeping at night

B. Wouldn't lose sleep unless things started going south.

C. Would sleep like a baby — it wouldn't bother you at all.

**8. If you had the chance to enter a poker tournament:**

A. You wouldn't play, since you couldn't tolerate losing.

B. Play, but you would place low-stakes bets.

C. When playing, you would bet everything you had.

## Scoring

Add up your score to see

what kind of risk taker you are.

### Mostly A's — Conservative.

As a conservative investor, you are risk adverse and don't feel comfortable speculating on the market. You tend towards safer, long-term positions and will always recruit the advice of an investment planner. Safer investments would include a portfolio of Guaranteed Investment Certificates (GICs), Canada Savings Bonds (CSBs), T-bills and money market funds.

### Mostly B's — Middle of the Road

As a "middle-of-the-road" investor, you tend not to take risks you feel are out of your reach. You would select an asset mix with a balance of growth as well as safety. You feel comfortable placing your own trades online and follow the markets. Suitable investments would include a mixture of equities and fixed-income as well as mutual funds and precious metals.

### Mostly C's — Maverick.

You have a gambler personality when it comes to investing. You believe you can spot new opportunities and capitalize on them. You prefer more speculative, short-term products like new ventures, technology startups and mining stocks. Although risk takers make far better returns statistically, it may come with a lot of stress, too.



## It's not hard to learn about investing

### How to become an astute investor

**Get Help:** A financial planner can help you decide on the right asset mix and tailor a portfolio for your level of risk tolerance as well as provide suggestions for your long-term and short-term growth. James Hymas, portfolio manager at Hymas Investment Management Inc., in Toronto advises would-be investors that, "In this uncertain world, investors are better advised to construct a diversified portfolio that, in the long run, guards

against all eventualities: common stocks, particularly resource stocks, to guard against the risk of inflation; bonds, particularly longer-term bonds, to guard against the risk of absence of inflation."

**Do your Homework:** Use the Internet to locate research materials and market information about your holdings (See sidebar). Learn to read a balance sheet and stock charts as well as the basic fundamentals such as Earnings Per Share (EPS) and Price/Earnings (PE) ratio.

**Take a Course:** Most universities and community colleges offer beginner courses on investment and financial planning. As well, some banks and investment firms will present regular informational seminars for their clients.

**Be Disciplined:** Don't invest any more than you can afford to lose. The desire to take risks increases greatly during a winning streak, so it's important to keep a cool head and not get caught up in the euphoria of a fast market.

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