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 start-ups and mining stocks. Although risk takers make far better returns statistically, it may come with a lot of stress, too.

ISTOCK

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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