

What Type of Investor Are You?

Every investor is unique. And just as different people have got different mannerisms, different investors have different characteristics.

For you to understand which investment decision you should take, you must first understand what type of investor you are. Without doing this, you are likely to engage in disjointed investment decisions

So, how can you tell what type of investor you are?

Now, there are a number of ways in which you can classify yourself as an investor. But most of the time, it is affected by these two things:

Age / Stage of Life

Undoubtedly, age has a great influence over the type of investor you are. When you're young, you are more likely to be an aggressive investor. This is because time is on your side, and you have a whole life ahead of you to recover from whatever investments mistakes you make.

At a later stage in life, say just before your retirement, you may evolve to become a moderate if not an outright conservative investor; simply because you can no longer rely on employment income to offset investment losses.

Source & Measure of Wealth

The other thing that will determine what type of investor you are is likely the kind of experience you've gone through in your quest for wealth.

As an example: if you managed to secure considerable amount of wealth through activities that involved high degree of risk-taking (such as starting a business or selling a business), you'll most probably be more willing to invest in high-risk assets.

If you, however, have accumulated your wealth through a combination of conservative spending and dedicated saving over the years; you'll be less likely to be involved in high-risk investments.

Your perception of wealth is also important. Regardless of your net worth, if you perceive your wealth to be small, you'll have a greater desire to protect your assets, hence reducing your tolerance to risk.

Conclusion

Ultimately, knowing the kind of investor you are can help determine what you ought to invest in; what it doesn't do is determine whether you're "better" or "more suitable" to become an investor than a person who is more aggressive or conservative than you. Because in the world of investment, everyone has a unique goal – and as long as you achieve it, it makes you a successful investor regardless of the route it takes for you to get there.

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