

Thursday, June 30, 1983 Q&E

Test your investment personality

Have you analyzed your investment personality? Is it aggressive, cautious, confident or speculative? The following quiz and results are designed to determine your investment personality.

A. I consider myself the following kind of investor:

1. cautious
2. subjective
3. action-oriented (buy and sell frequently)
4. sound
5. objective

B. I like to think of the stock market as a place:

1. where I can make a lot of money quickly
2. where I can build a sound investment portfolio
3. where I can invest all my savings safely
4. where I can gamble
5. which is a never-never land.

C. I am a person who:

1. likes action in the market
2. is cautious but optimistic when investing
3. acts on intuition in the market
4. blindly carries out my broker's recommendations

D. I would consider myself successful if I were to:

1. make money every time I sell a stock
2. make a net gain from investing every year
3. double my money every two years
4. make 25 percent on my investment every year
5. make 10-15 percent a year over 5-10 years.

E. If my past investment record were a shameful one, this would suggest that:

1. I had a very bad broker
2. I failed to do my investment homework properly
3. I lost money only because the market was bad
4. big traders fixed prices and made money at my expense

F. I should have sold my losing stocks and switched to some that were getting ready for major moves.

G. When I look at the price of a stock, I obtain it:

1. from a broker
2. from a successful investor
3. from a number of reliable sources
4. from the company
5. from an advisory service.

H. When I look at the price of a stock, I like to think of this price as being:

1. synonymous with the value of that stock
2. related to the value of the stock but not necessarily equal to it
3. too low or too high, depending on how much money I have
4. an index of popularity of the stock
5. of little consequence, since the ruling price can be totally out of line with what it should be.

I. I would consider a stock worth buying if:

1. its price has been going up consistently
2. it is low-priced
3. I had read something good about the company
4. some advisory service has recommended it
5. some of my successful friends own the stock.

J. Before making a decision to buy or sell a stock, I would like to:

1. investigate the stock as long as possible because I am never in a hurry to buy stocks
2. invest quickly for fear I might lose an opportunity

K. I get as many views on the stock as possible

1. re-evaluate my investment objectives
2. first decide whether the market situation is ideal for making such a move.

L. If my broker recommends I sell a stock I hold, I should:

1. ignore his recommendation on the grounds that he is trying to make money for himself
2. investigate his reasons for giving me this advice
3. find out whether I could put my money in a better stock before deciding whether I should sell
4. sell the stock right away
5. sell it if I could make a profit, but hold it if I would have to take a loss.

M. If I were forced to take a loss, I would:

1. consider my misfortune as part of the game
2. get terribly upset
3. check to see if I have made any profits in the recent past to offset the loss
4. try learn from my misfortune
5. try to take my loss philosophically.

N. If my broker were to call up and recommend that I buy a certain stock, I should:

1. buy the stock without delay

2. ask the broker if he has his or my interest at heart

3. request the broker to send me all the relevant information he has on the stock

4. tell the broker I will think about his recommendation so as not to hurt his feelings, then do nothing

5. examine all the facts and then make a decision.

M. If the price of a stock were to decline sharply after I purchased it, I should:

1. be critical of myself for failing to sell earlier
2. sell at a loss and charge the loss to bad luck
3. hold the stock until its price goes up so I may recover my loss
4. buy more to lower my average purchase price
5. investigate the stock thoroughly before making another move.

N. Buying at the low and selling at the high:

1. is the only way to invest in the stock market
2. is the best investment objective
3. is a worthwhile goal to pursue
4. can rarely be attained
5. should be attempted, even if it is difficult.

O. If a stock I didn't own went up, I would:

1. not touch it with a 10-foot pole
2. grab it before the price advances even further
3. investigate the company that issued the stock before buying the stock
4. watch the stock closely
5. try to buy it with a short-term dip.

P. I treat the past performance of a stock as:

1. of no consequence
2. of some importance
3. of utmost importance in a bull (rising) market, but of little importance in a bear (falling) market
4. only one factor to consider
5. of significance only when its price is falling.

Q. If the price of a stock I had purchased were to go up substantially, I would:

1. sell it
2. hold it in the hope I might make more money
3. buy more, hoping the price would rise further
4. watch the price action on it carefully for a while
5. investigate the company thoroughly before making up my mind about selling the stock.

R. I consider the study of stock market averages (for instance, the Dow Jones Industrial Average):

1. to be of little value
2. of great importance in making investments
3. of importance only for the chartists (those who graph fluctuations in market averages)
4. useless, because what good is it to know where the market has been
5. important only for buying and selling stocks, but not for holding them.

S. If the price of a stock I had purchased were to go down substantially, I should:

1. buy more of it to average my buying price
2. sell it immediately
3. switch to a stock that is performing better
4. ask my broker for advice
5. hold that stock for my children.

T. If I were to meet someone who boasted of his great success in the stock market, I would:

1. take his/her story with a grain of salt
2. ask him what his secret of success is and try to follow his methods religiously
3. compare his method with mine in the hope of benefiting from the comparison
4. give his broker my business
5. tell him my story and ask for suggestions.

U. I believe that a successful winner in the stock market, however defined, concentrates on:

1. acting defensively
2. outperforming the market
3. learning new and better market techniques and perfecting the ones he already has
4. trading (buying and selling stocks frequently)
5. putting all his eggs into one basket and watching that basket carefully.

V. The words "pats" and "calls":

1. mean nothing to me
2. have to do with making lots of money easily
3. are too technical for me to comprehend
4. are concepts I know I must understand before I can act intelligently
5. are terms used by big professionals.

W. During the 1969-70 bear market when stock prices declined sharply, I:

1. took substantial losses
2. did nothing and lost most of investment values
3. bought several stocks cheaply and did well
4. played away from the market completely
5. got out of the market with huge losses, then got back into it when prices of most stocks had already reached their recent highs.

X. Investing in the market is good for those who:

1. want to make a lot of money in a short time
2. wish to play the game defensively
3. like to have a fixed monthly income
4. have lots of money to play with
5. possess technical knowledge about the market.

Y. I have heard that every investor should attempt to buy different kinds (such as speculative, income, growth) of stocks so his/her twin objectives of safety and appreciation in investment are simultaneously met. I think this idea:

1. is a sound one
2. is basically bad
3. shouldn't be followed exclusively since each investor must buy stocks according to his own needs
4. is good for those who are rich and can buy lots of stocks
5. can work successfully in a bull (rising) market but not in a bear (falling) market

Z. During the next three years or so, I expect to:

1. make a lot of money on the stock market
2. become a professional investor
3. stay in the market and try to break even
4. do better than the average investor
5. learn about the market and become an intelligent investor



finances and you

Sid Mittra

Answers to Investment Personality Detector Quiz Questions

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	3	1	1	1	2	4	2	3	2	2	3	1	1
2	2	5	5	2	5	1	5	1	1	5	1	1	1
3	1	2	1	1	3	5	1	5	5	2	1	5	1
4	4	1	1	2	1	3	3	4	2	1	5	1	2
5	5	3	2	5	1	3	1	1	3	1	3	4	5

	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
1	1	3	1	1	2	2	1	5	1	1	1	2	1
2	1	1	3	1	5	1	2	2	2	3	5	1	1
3	2	5	2	2	1	1	5	4	3	5	2	5	2
4	5	4	5	4	1	5	1	1	5	2	1	1	4
5	3	1	1	5	2	1	4	1	3	1	3	2	5

Total Grade
26-51
52-91
92-130

Your Investment Personality
Aggressive and speculative
Cautious and uncertain
Sound and confident

Alternatives

Alternatives

Sid Mittra is president of Coordinated Financial Planning, Troy, and professor of management at Oakland University, Rochester.

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