**Sunpointe Investments**

**Behavioral Investing Profiles: Descriptions**

**Investor Type: PRESERVER**

Based on your responses to the questionnaire, you are a Preserver Behavioral Investor Type. A Preserver is someone who places a great deal of emphasis on financial security and has a conservative approach to  investing. You are happy with the status quo, i.e. you believe in preserving your wealth rather than taking a risk for potential gains. Your decisions are connected to how you feel as opposed to how you think, and this reflects in your investment choices.

Preservers, like you, who practice savings behaviors through mental accounting (i.e. saving for retirement, for college funding, paying bills) can accumulate long term wealth as long as you carefully invest in a balanced way across these various mental accounts. Another good sign is that Preservers such as you do not indulge in excessive trading or frequent portfolio changes; activities that have been shown to be detrimental to wealth accumulation in the long run.

On the other hand, you have a high aversion to risk which may affect you during severe market downturns. An example is the 2008-2009 market meltdown during which time some Preservers panicked and sold out after suffering losses, only to see the markets rebound in the ensuing 12-24 months. Although it may seem counterintuitive, during these times investors should consider making risky investments as opposed to selling risky investments.  Additionally, your low-risk, cautious approach of sticking to safe investment choices might prevent you from reaching your financial goals in the long term - sometimes cash & bonds simply will not get you there.

**Investor Type: FOLLOWER**

Based on your responses to the questionnaire, you are a Follower Behavioral Investor Type. A Follower is someone who does not necessarily have a keen interest in the financial markets and usually follows the advice of peers (friends, colleagues, family members) in regard to investment choices. Your decisions are driven by  cognitive biases rather than emotional i.e. they are connected to how you think about the investment choices before you and not by how you feel. You enjoy indulging  in the latest investment trends for fear of missing out on something good and as a result you might overestimate your capacity for dealing with risk and losses.

Because investing is not necessarily your topmost priority you do not indulge in excessive trading which is a positive sign since excessive trading has been shown to negatively impact wealth accumulation in the long run. Low portfolio turnover activity can be a benefit in reducing the volatility associated with your portfolio which can lead to better long term compounded returns.

On the other hand, you have a tendency to chase after the newest investment advice or trend suggested by peers - investments that have recently performed well. As a result, you may consider investing in these assets at the wrong time i.e. when the prices are at a peak leading to wealth  destruction. Educating oneself on the benefits of portfolio diversification and sticking to a long-term plan is the best course of action for Follower investors such as you.

**Investor Type: INDEPENDENT**

Based on your responses to the questionnaire, you are an Independent Behavioral Investor Type. Independents like you are strong-willed, analytical, and critical thinkers with often unconventional ideas about investing.

As an Independent investor, you actively engage in the investment process and do your own research to come up with original ideas on investments. You are realistic and clearly understand the risky nature of certain assets and hence, are more willing than other individuals to tolerate risk in your portfolio. You are not afraid to dive into the details of the financial plan and are comfortable with analyzing the pros & cons of an investment choice (both quantitatively & qualitatively). Given your willingness to do your own research, Independents like you are often contrarian thinkers which is a good strategy - unlike many investors, you are a thinker & doer not a follower or dreamer.

On the other hand, your analytical nature might sometimes work against you i.e. you may act too quickly without learning as much possible about the investments before making them. As a result, you may leave some stones unturned that could trip you in the long run. Oftentimes it is seen that Independents may be prone to confirmation bias in doing research  i.e. you might seek information that corroborates your thinking instead of finding information that may contradict your hypotheses. You may cling to your self-generated ideas as opposed to being open to new ideas that may prove they are wrong.

Independents such as you should have regular educational discussions with your financial advisor - clear, well-researched and data-backed dialogues are the best course of action to identifying the right financial plan for you.

**Investor Type: ACCUMULATOR**

Based on your responses to the questionnaire, you are an Accumulator Behavioral Investor Type. Accumulators like you are individuals interested in wealth accumulation and are highly engaged, strong-willed, and decisive to follow through with the investment choices confidently.

Having a strong entrepreneurial mindset, you know what it takes to be successful i.e. hard work and determination, and hence, you do not shy from diving into the details and taking the time to understand things clearly. You also understand that building wealth requires accepting risk and that every decision is not necessarily going to work out well; a concept that most other investors do not grasp readily. You confidently rely on your abilities to achieve your goals and this reflects in your investing style as well - you are in the race to win big and are confident & optimistic enough to be in total control of your financial plans.

However, the confident nature of most Accumulators also makes them susceptible to emotional biases that may limit the investment success i.e. you perceive opportunities based on how they resonate with your values and personal affiliations.  Overconfidence may lead to increased risk-taking behavior, spending habits and excessive trading activity that may not be prudent. You enjoy the thrill that comes with making a good investment but often this may lead you to chase higher-risk investments while avoiding the basic principles of asset allocation and diversification.

**Investor Type: PRESERVER + FOLLOWER**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Preserver + Follower. You emphasize financial security and have a conservative approach to investing but are sometimes also influenced by peers on the latest investment trends which appeal to you.  You are not overly engaged in the financial markets and are happy with the status quo i.e. you believe in preserving your wealth but may be open to taking low risks for potential gains. Because investing is not necessarily your topmost priority you do not indulge in excessive trading which is a positive sign since excessive trading has been shown to negatively impact wealth accumulation in the long run. Low portfolio turnover activity can be a benefit in reducing the volatility associated with your portfolio which can lead to better long term compounded returns.

However, your low-risk, cautious approach of sticking to safe investment choices might prevent you from reaching your financial goals in the long term - sometimes cash & bonds simply will not get you there. Educating oneself on the benefits of portfolio diversification and sticking to a long-term plan is the best course of action for investors such as you.

**Investor Type: PRESERVER + INDEPENDENT**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Preserver + Independent. As an Independent you are an analytical, strong-willed and a critical thinker with an unconventional investing style which combined with the Preserver in you believes in both financial security as well as smart investing to grow your wealth.

You actively engage in the investment process and do your own research to come up with original ideas on investments.  You are not afraid to dive into the details of the financial plan and are comfortable with analyzing the pros & cons of an investment choice (both quantitatively & qualitatively). You are realistic and understand clearly the risks associated with investing which along with your cautious approach to investing allows for a healthy risk tolerance / appetite.

As a dual behavioral investor type, you are affected by both cognitive (how you think) and emotional (how you feel) biases which impact your investment decisions and may cause you to obsess over the short-term market performance instead of sticking to a long-term financial plan. A common bias that you may be prone to is confirmation bias which affects your research i.e. you may seek information that confirms your bias as opposed to finding information that is contrary to your thinking and values.

**Investor Type: PRESERVER + ACCUMULATOR**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Preserver + Accumulator. You believe in both maintaining your financial security and  increasing wealth accumulation by investing in high-risk assets. You are strong-willed and highly independent & confident in your abilities to achieve financial goals and might find it difficult to stick to a long-term investment plan. Excessive trading leading to frequent portfolio changes has been shown to negatively impact wealth accumulation over time.

You are primarily affected by emotional biases i.e. how you feel impacts your investing decisions more than how you think about those investment choices. For example, some Preservers panicked during the 2008-2009 market crisis and sold their investments too quickly after suffering losses only to see the markets rebound; despite being a confident, analytical thinker (Accumulator) you may be prone to biases such as aversion to loss.

**Investor Type: FOLLOWER + INDEPENDENT**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Follower + Independent. Your decisions are driven by  cognitive biases rather than emotional i.e. they are connected to how you think logically about the investment choices before you, and not by how you feel. You enjoy indulging  in the latest investment trends for fear of missing out on something good and as a result you might overestimate your capacity for dealing with risk and losses. As an Independent you are an analytical, strong-willed and a critical thinker with an unconventional investing style.

You often take investment advice from peers but are not dependent on them - You actively engage in the investment process, do your own research, and come up with original ideas.  You are not afraid to dive into the details of the financial plan and are comfortable with analyzing the pros & cons of an investment choice (both quantitatively & qualitatively). You are realistic and understand clearly the risks associated with investing which may lead to increased risk-taking behavior.

**Investor Type: FOLLOWER + ACCUMULATOR**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Follower + Accumulator. Your focus is on wealth accumulation and you are comfortable with high risk investment decisions. You have an entrepreneurial mindset - you are confident and decisive and like to get deeply involved in the entire investment process including detailed research. As a Follower, you often accept investment advice from your peers but are not necessarily dependent on them; in fact, you may be willing to chase higher-risk investments that your friends.

Your decisions are often impacted by emotional biases like total control and overconfidence - peer advice coupled with the fear of missing out may lead you to consider the latest investment opportunities that have shown recent success and that resonate with your personal affiliations and values. You enjoy the thrill of making a good investment but may be prone to excessive trading behavior which ultimately affects wealth accumulation in the long run; you are self-reliant and want to be in total control of your portfolio and as such may not be willing to follow a structured long-term financial plan.

**Investor Type: INDEPENDENT + ACCUMULATOR**

Based on your responses to the questionnaire, you have a dual behavioral investor type - Independent + Accumulator. You are a highly confident, decisive, and analytical individual who is comfortable with high-risk and unique investment choices that others may not consider. You have an entrepreneurial mindset and you know what it takes to achieve your goals i.e. hard work and determination and are also aware that not every decision will work out in your favor.

You are actively engaged in the entire investment process and do not shy from digging into the details and understanding the pros and cons of every decision, both qualitatively and quantitatively. You like to be in charge of your portfolio, are comfortable with financial jargon and use a mix of both logic and personal affiliations to choose your investments.

However, since you enjoy the thrill of making a good investment and like to be in control, you may be prone to increased optimism and risk-taking behavior and may mistakenly believe that you can control your  investing outcomes. Additionally, you may also be prone to confirmation bias i.e. you seek information that confirms your thinking as opposed to finding information that goes against.

**Investor Type: NO DEFINITE INVESTOR TYPE**

Based on your responses to the questionnaire, your behavioral investor type is Undefined. This indicates that you may not have a particular investing style or financial goal i.e. you may be focused on wealth preservation as well as a certain degree of interest in growing your wealth in the long term. You may be deliberate and cautious by nature but are open to taking low risks for potential gains in wealth. You are not highly actively engaged in the financial markets or the latest  investments trends but may be open to advice from peers.

Like every investor, you may be prone to some cognitive (how you think) or emotional (how you feel) biases or both that may lead to overconfidence, incorrect estimates of risk tolerance, panic investing and selling in case of market upheavals or excessive trading activity which negatively impacts wealth accumulation in the long run.

**Investor Type: void**

Did you know that your biases can get  in the way of your returns?

It is important to understand that how you think and feel affect your decisions and in turn, may affect your returns. At Sunpointe Investments, we follow a behavioral finance based approach to portfolio allocation by guiding our clients through their individual biases. This is why we listen first and ask questions and only then provide a thoughtful plan, specifically for you.

To understand your behavioral investing profile, get in touch with us today!