INVESTING STRATEGY

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There's an investor in all of us

– and most of us already invest in one way or another

But our attitude to risk and where we're at in life can affect how we approach investing. We may want to play it safe, take on more risk for potential reward, sit in the middle, or perhaps mix it up a bit.

This is where your investment style comes in. It's likely you have your own style for certain things in life like travel or buying a car. And the same applies to how you invest your money.

Your investment style

If you have some money you're thinking of investing, then understanding what style of investor you are, will help you decide what type of investment approach might suit you and how that fits in with your stage of life and ideal investment returns.

Some common investor styles and what they mean:

Conservative

This style suits people who need to access their money within three years. Or who are prepared to accept lower returns for more stability.

It's likely they'll be comfortable investing in more defensive assets like cash or fixed interest, with a few growth assets like shares as well.

Balanced

This investment style suits those looking for moderate returns over the long-term. They're willing to accept a medium level of risk to achieve these returns.

It's likely balanced investors will be comfortable investing in mostly growth assets like shares while balancing this out with some defensive assets like cash, too.

Aggressive

This style suits people who are looking for high returns over the long-term and who are prepared to accept the chance of potential losses in return for possibly higher gains.

It's likely they'll be comfortable investing in growth assets like shares.

But wait, you're probably already an investor

While you may be considering putting some money into investments like the stock market – did you consider that you're probably already an investor?

The above three investment styles sound quite technical, but they're actually approaches used by most of us, every day. For example:

- Savings account – if you have an everyday bank or savings account, then, because you can easily access the money in the account and it's not volatile (likely to suddenly change in value), it's considered a conservative approach.
- Superannuation – if you have a super account, then it's likely your super is being invested to help grow your super savings, ready for retirement. For younger people, super investments are generally growth-focused and can often lead to a more aggressive approach.
- Account-based pension – if you're retired and receiving a pension via your super savings, then, like a bank account, it's likely you'll want to be able to access these funds more readily and keep their value stable. That's why pensions tend to have a more conservative approach.
- Property – If you have a home loan or an investment property then a range of things like the property market, its location, how much you've borrowed, tax and so on, will determine the investment approach you've taken.

Why does my life-stage matter?

As you age, your personal preferences, financial situations and long-term goals are likely to change.

If you're investing in your 20s, it's likely you'll have a different perspective on risk and rewards compared to those who are closer to retirement and maybe looking to guard their savings a little more closely.

Your objectives may change at different life moments too, like a salary increase, having kids, buying a house or retiring. This means your investment profile and strategy should be reviewed and adjusted regularly to meet your changing needs.

We can help personalise the investment approach to suit your circumstances, so please don't hesitate to get in touch.

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