

Twitter Thread by Trader knight



Trader knight
[@Traderknight007](#)



Are we Inherently Risk takers or Risk averse?

A thread-

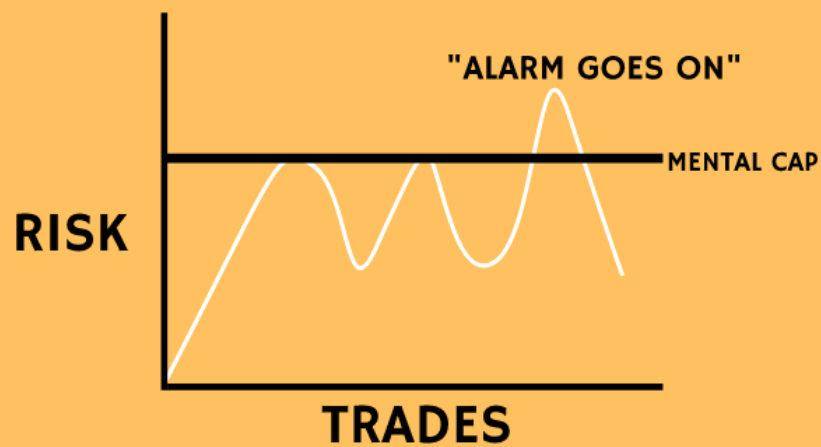
RISK TAKER • RISK AVERSE

You might have heard this word “Mental capital”

What does it mean actually ?

In the context of markets, It's the Risk that our mind is able to digest seeing the P&L.

If we breach this ceiling of Risk ,Our mind goes berserk, and we are not able to take rational decisions.



So can we increase this Mental capital level?

Let's dive into my story of how My mental capital levels changed over time, that will answer the question that are we inherently Risk takers or Risk averse.

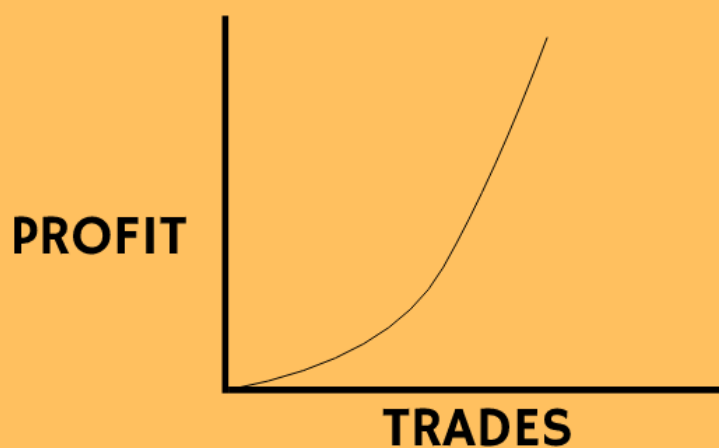
When I started trading a few years back, with about 3 lakh capital, I was not a greedy person, and I had limited expectations from the markets.

Like every other beginner, First 1.5 years were great, made a lot of money,

which I wasn't even expecting to make, turned that 3 lakh to more than 12+ lakhs in that period.

This was only possible by taking huge leverage, which i didn't know at that time was a big mistake i was doing.

FIRST 1.5 YEAR

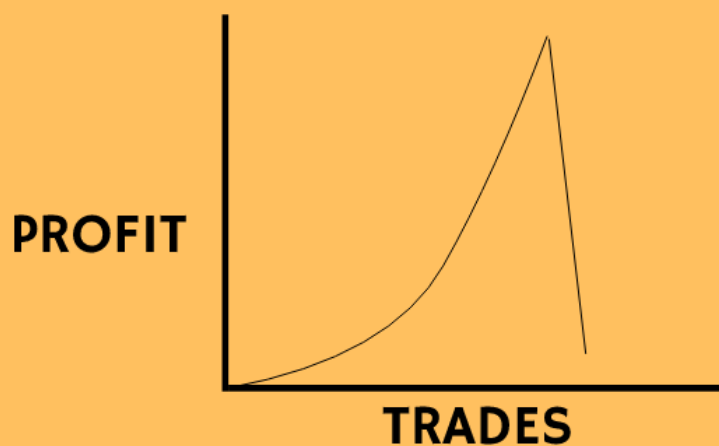


By this time, I was calculating the profits in excel that How much time will it take to go till 1 Crore cap, it seems funny now.

Greed kicked in , and I took huge leverage on a single position, stock tanked 10-15%, in a matter of 7-8 days.

Lost 60-70 % of the capital.

THE BIG BLOW



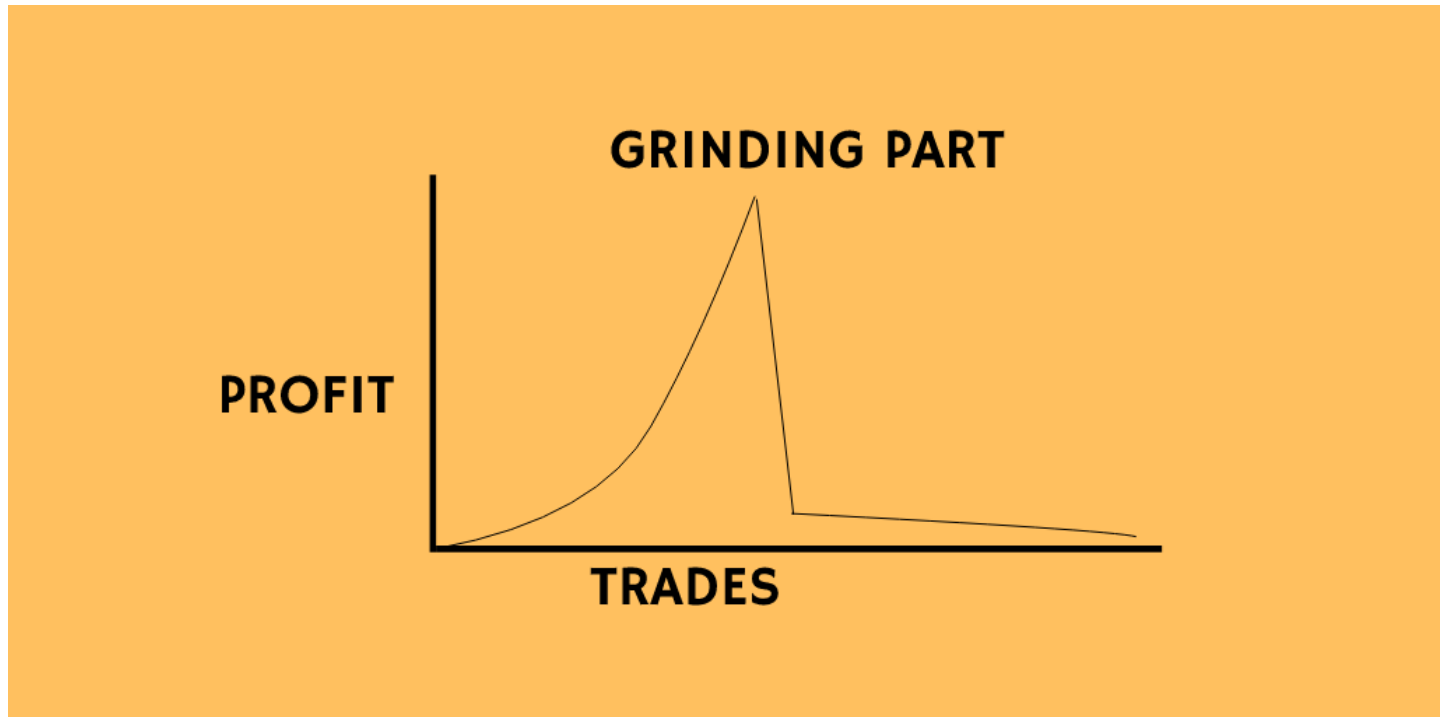
I was hit hard by this, I had losses of 10-15% in past, and i was able to cover up just by sheer luck.

But, not this time, this time it was different, and now the Fear kicked in, which I never knew nor experienced till that time.

I was buying 4-5K Qty of a 500 rs stock before, and now i was even fearing taking 100 or 200 QTY.

This was the starting of the "GRINDING PERIOD"-

I learned many things even when I made profits, but this time I was more focused on learning how not to make that kind of loss.



The losses continued for next 1 year, capital reduced to 2 lakhs.

By this time I made my setups, knew how to manage the risk.

But, The level of fear was so high that even losing 300-400 rs was giving me a lot of pain .

My mental cap reduced from risking more than 10-20 k per trade, to 100-200 per trade.

It took me about the next 1 year, to perfect my technical skills, and risk management skills.

I knew at this point that now the only thing that was stopping me was my FEAR.

This Fear part took a lot of time to fix.

Tried many things, first decided to not worry about losing money, and just risked 200 per trade, and jo hoga dekha jaega.

Did more than 100 trades like this in the next 6-8 months.

Biggest point was to start believing in myself.

slowly increased my risk to 1000 per trade.

After getting confidence, I added some money to the account. Traded the same for next 2 year.

Now, Risk is back to the previous peak levels.

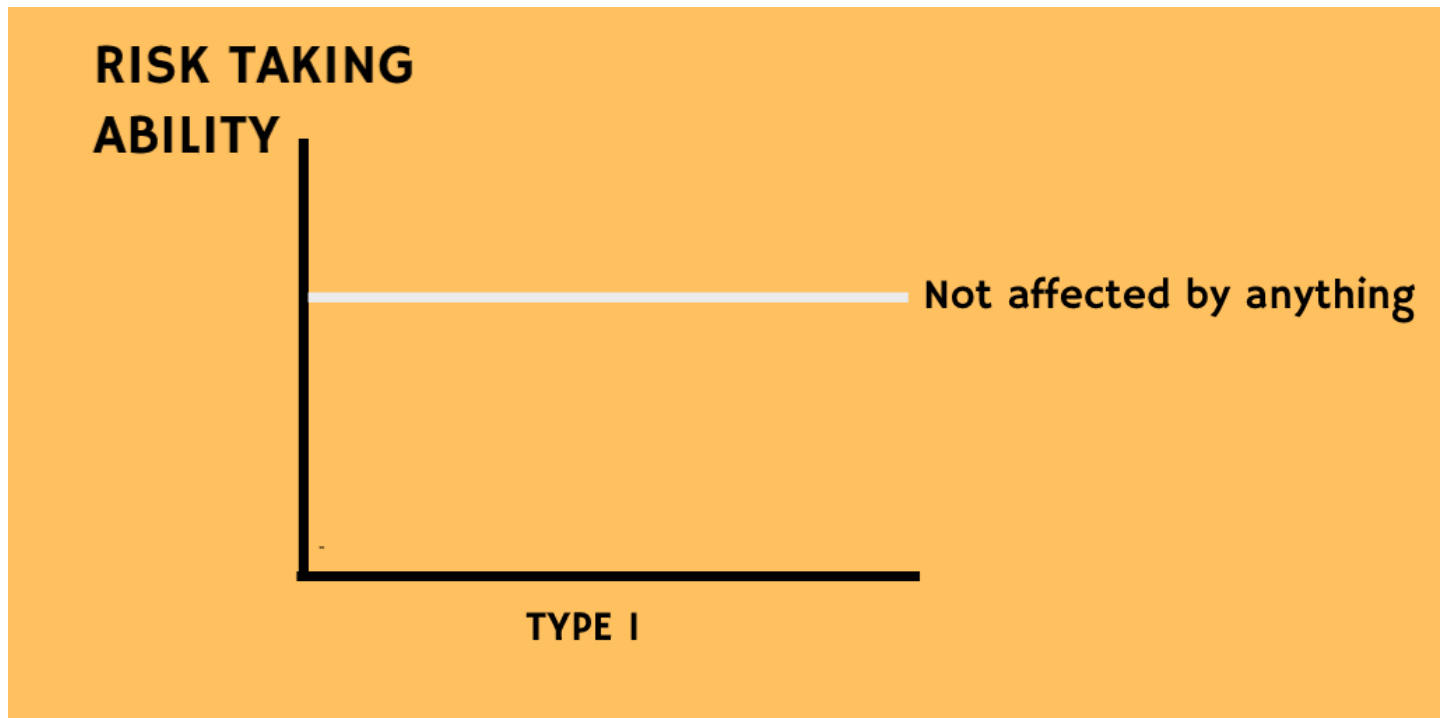
I learned in my journey that we all are different and everyone needs different measures to come back in the game.

My personality is that i am neither risk averse or Risk taker, learned that i can fluctuate between the two entities.

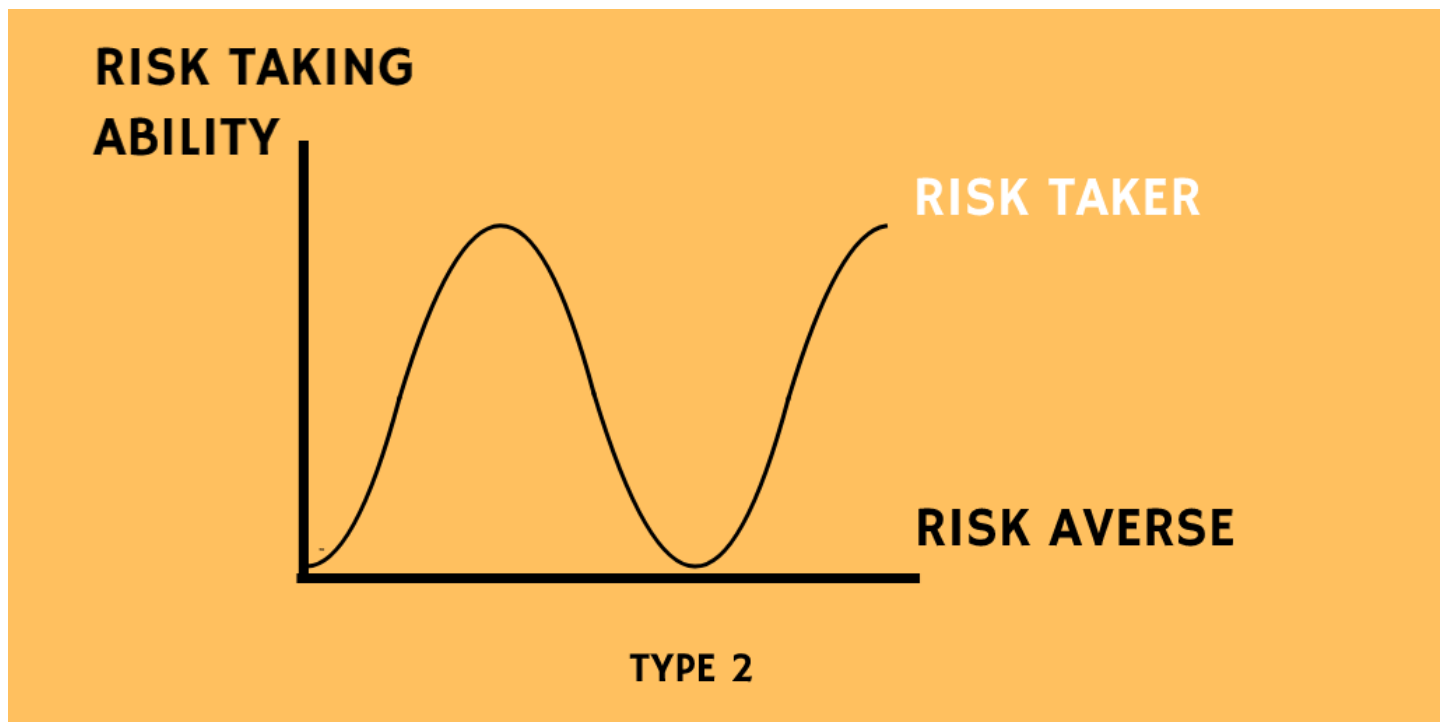
But I have seen people not affected by the circumstances that they face, My father is also into the markets, never seen him affected by the big losses or profits, he is always a risk taker.

So , by my experience i can say that there are two types of personalities-

Those who are what they are , circumstances don't change their state of mind and Risk levels.



Those who can be affected quite a bit by their circumstances and can change places between a risk taker and a risk averse.
(A blessing and a curse at the same time)



“Life is inherently risky. There is only one big risk you should avoid at all costs, and that is the risk of doing nothing.”

– Denis Waitley

Thanks for reading till here.

These are only my views and not necessarily yours.

Trader knight