

# SWATANTRA KUMAR EXPLAINS: THE OSTRICH EFFECT



The Ostrich effect is based on an old belief about ostriches burying their heads in the sand to avoid danger. For an

investor, it is an attempt to ignore negative and risky financial information and situations. For example, if the markets are highly volatile, you tend to avoid tracking their Stocks. You do this to avoid looking at any potential fall in the prices of their Stocks. This could have a negative impact on your investment portfolio.

Here are a few tips that can help you overcome the ostrich effect:

Track your investments from time to time



Invest in diversified assets, like Stocks and fixed income securities etc. through Mutual Funds



Stay calm and do not indulge in 'Panic Selling'

Invest in assets according to your risk profile



During volatile situations, keep a close eye on the markets



Seek financial advice from time to time



Don't let the ostrich effect influence your investment decisions. Ignorance might give you temporary bliss. But, informed investment decisions will pave the way for long-term bliss of financial security.

