GOOD VS BAD INVESTING HABITS

In the investment world, your good or bad habits determine your financial future.

So, here is a list of investing habits for you, take notes and pass it on to others.

GOOD INVESTING HABITS

a) Be patient

This is one of the most important traits of a good investor. Investment success can take time, so you need to have a long-term strategy. Invest regularly through Systematic Investment Plans (SIPs) towards specific goals to avoid getting caught up in short term market fluctuations.

b) Diversify

To be a successful investor, you need to allocate your Funds across different sectors and asset classes. This strategy helps you spread your risk and minimise losses. Mutual Funds are a suitable investment vehicle for this purpose. You can gain exposure to a large number of companies through a single Fund.

c) Seek professional help

If you have any doubts regarding your investments, don't hesitate to seek the help. Financial Advisors are professionals who can make the journey easier for you. They not only give you advice, but also help you create an investment strategy based on your unique needs.

BAD INVESTING HABITS

a) Chasing high returns

Many people tend to invest in the Fund that has given the best returns last year. This is not a good strategy because past performance of a Fund is not indicative of future returns. Instead, your investment strategy should be based on your goals and risk appetite. Invest in Funds that can help you achieve your objectives on time.

b) Herd mentality

It is a natural instinct for people to follow others, especially when they don't have enough knowledge on a particular subject. That's why, many follow the investment patterns of their friends and relatives. But this strategy can backfire because the decision of the group may not always be the right decision. Identify your own financial requirements and consult a Financial Advisor before you make an investment decision.

c) Not reviewing your portfolio

The investing process does not end when you purchase a Mutual Fund. You also need to review your investments from time to time. If you don't review, you could be losing money without realising it. Ideally, you should review your portfolio at least twice a year to ensure that your investments are performing as per your expectations.

WHAT NEXT: A rising market is considered good and falling market as bad. But that's not always the case. The next section explains how you can invest during a market downturn too.