

Keep Your Cool

The stock market is a fickle thing, and risks are inherent for everyone who puts money in it. Only a few years ago, during the 2007–2009 financial crisis, many investors saw their portfolios melt away under their very eyes in an extremely short period of time.

It's normal to panic in such a situation, but the problem is the following. If you panic, take all your money out of the stock market to cut your losses, and place it into cash, you probably don't have any chance of recuperating your loss ever again, because returns on cash are about as low as you can get in the investment world. If, on the other hand, you keep your cool and stay in the stock market, chances are the crisis will pass and stocks will probably go up in value again. Of course, nothing is guaranteed, but panic won't help you in any case.



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