



Forget Bitcoin And The Lottery! I Think This Is All You Need To Do To Make A Million

Description

While it is possible to make your fortune through buying Bitcoin or playing the lottery, the stock market may offer a superior long-term return outlook.

Certainly, there are risks involved in buying stocks. In the short run, paper losses are relatively commonplace for all investors. However, in the long term the track record of indices such as the S&P 500 and the FTSE 100 show that growth has been relatively high.

As such, by following this simple investment strategy, it may be possible for you to boost your financial future and even make a million.

Diversify

While considering the risk of investing may not be the most obvious place for most investors to start when contemplating which companies to buy, doing so can be a shrewd move. After all, there is little to be gained in experiencing unnecessary risks.

As such, reducing company-specific risk through buying a diverse range of businesses could be a worthwhile idea. It means that the impact of one stock on your entire portfolio is reduced. This can be especially useful when a company experiences a period of difficulty that leads to a fall in its stock price.

Diversifying is relatively simple, with the low cost of share dealing allowing all investors to buy companies that operate in different regions and industries in order to improve their risk/reward ratio.

Buy on weakness

While it is natural for investors to become increasingly optimistic about companies and the wider economy during bull markets, such periods often lack a large number of buying opportunities. In fact, buying stocks during periods of strong economic growth can lead to lower returns in the long run, since

many companies' valuations will factor in their growth potential.

A better idea could be to buy stocks while they trade on [low valuations](#). In many cases, this will be during bear markets, or when a specific industry has an uncertain outlook. This can allow an investor to access lower prices for stocks, since risk-averse investors will factor in the potential challenges that can hold back their performance.

Although buying on weakness can lead to paper losses in the short run, since it is difficult to buy any stock at its absolute lowest price, in the long run the returns available could prove to be high.

Hold for the long term

Buying and selling stocks can be an exciting experience – especially when they rise significantly. However, selling your best performers can be a short-sighted move. After all, if they are performing well then they may continue to do so over the long run.

Rising stock prices can be due to a variety of factors, including strong earnings growth, a solid strategy and favourable operating conditions. They can persist for a substantial amount of time and lead to further growth for shareholders.

As such, holding on to your stocks for the long term could be the most efficient use of capital. It may increase your chances of making a million, and make Bitcoin and playing the lottery seem far less appealing.

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Author

peterstephens

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