



Forget the Lottery and Bitcoin. I'd Buy and Hold Undervalued Growth Shares Today

Description

Making a quick buck on the lottery or Bitcoin may be appealing to some investors. After all, Bitcoin has more than doubled in 2019, while the lottery provides the opportunity to win a life-changing sum of money.

However, they both have significant risks attached to them. As such, investing in the stock market could be a better idea. It has significant long-term growth potential, with a number of emerging markets forecast to grow rapidly in the coming years.

With equities currently being [undervalued](#) in many cases, now could be the right time to buy a range of companies for the long term.

Risk of loss

While the lottery may provide significant potential rewards, the reality is that the vast majority of its players will lose their stake. As such, its risk/reward profile is relatively unappealing.

Bitcoin's strong performance this year could easily be reversed in a short space of time. Its track record of growth shows that investor sentiment towards the virtual currency can quickly change without clear reason. Since regulatory risks remain in place and its limited size may inhibit its capacity to eventually replace traditional currencies, it could have a highly uncertain future.

Growth potential

The outlook for the world economy may be uncertain in the short run due to a range of risks being in play. However, its long-term growth prospects appear to be bright. Emerging markets could offer a solid growth outlook in 2020, with them expected to grow by around 4.5%. Beyond next year, a rise in consumerism across major emerging economies such as China and India could provide a major catalyst for a wide range of listed companies.

Clearly, the world economy is likely to experience uncertain periods and even recessions in the long run. However, its track record of growth shows that it has always recovered from such difficulties to return to a 'boom' period. Therefore, investors with a generous time horizon may be able to benefit from its outlook.

Undervalued stocks

Due in part to the risks faced by the world economy, which include political uncertainty in Europe and the US, there are a range of stocks that appear to offer wide margins of safety at the present time. Investors seem to be factoring in an uncertain future, which could provide buying opportunities for their savvy peers.

Since the aim of most investors is to buy at low prices and sell at higher prices, undervalued stocks could enable them to position their portfolio effectively for the long run. Certainly, there is a chance that stock prices will move lower. But for an investor who does not need to sell their holdings for a number of years, there is likely to be capital growth ahead.

Therefore, from a risk/reward perspective the stock market appears to offer an enticing investment opportunity. It could be worth avoiding Bitcoin and the lottery, and instead focusing your capital on undervalued shares.

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