Forget Gold! Here's Where I'd Invest Today to Get Rich and Retire Early

Description

Investing in gold has become increasingly popular during 2019. Evidence of this can be seen in its price rise, with the precious metal having gained 15% since the start of the year.

Investors seem to be increasingly risk averse due to a variety of challenges facing the world economy. Gold's defensive characteristics, and its historic status as a store of wealth, could mean that it remains popular in the short run.

However, investors who are seeking to build a retirement portfolio may be better off buying shares. They could produce higher returns in the long run and help you to retire early.

Golden appeal?

As mentioned, gold is widely considered to be a less risky asset than equities. As such, if uncertainties such as political challenges in the US and Europe increase in magnitude over the coming months, the precious metal may become more popular among investors. This may lead to a further price rise for gold.

However, in the long run investor sentiment is likely to improve. This may mean that gold's price rise potential is somewhat limited – especially if interest rates move higher in the coming years. In that scenario, gold's lack of income may make it less appealing than income-producing assets such as dividend stocks.

Furthermore, now may be an opportune moment to buy gold. Its price has already made strong gains in 2019, while the buying opportunities on offer in the stock market may provide more favourable risk/reward ratios for investors.

Stock market potential

The pullback in indexes such as the FTSE 100 over the last couple of years is not a major surprise.

After all, risks to global economic growth are present, and global stock markets have enjoyed a bull market for over a decade.

This could mean, however, that now is a good time to buy shares. In many cases, the uncertain outlook for the world economy is priced in to their valuations. This means that they offer wide margins of safety that could enhance your investment gains in the coming years. And since most investors would rather buy shares when they trade at low prices to maximize their long-term growth potential, now could be the right time to follow that strategy.

Investment themes

Clearly, assessing which industries and regions offer growth potential is a difficult task. However, it appears as though the emerging economy growth story still has room to run. This could mean that investors who are able to focus their capital on growing economies such as China and India are able to generate impressive returns.

Likewise, investment themes such as an ageing population and e-commerce could provide direction for investors who are aiming to capitalize on long-term global growth trends. All of these areas could offer higher returns than buying gold. As such, now may be the right time to avoid gold and buy equities to improve your chances of retiring early.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/25
Date Created
2019/11/30
Author
peterstephens