



How I'd Invest in 2020 to Make a Million

Description

Despite experiencing a bull market over the past decade, equities seem to be the most appealing place to invest at the present time. In many cases, they trade on low valuations that could make them more attractive than other mainstream assets.

Furthermore, there are a range of long-term growth areas that could deliver high returns for investors. Through purchasing companies with [solid fundamentals](#) and sound strategies, it may be possible to generate high returns in 2020 to increase your chances of making a million.

Stock market appeal

After a bull run that has lasted for over ten years, it is somewhat surprising that the stock market continues to offer a more favourable return profile than other assets. Low interest rates mean that yields on investment-grade bonds and cash returns are relatively unattractive, and may offer a modest real-terms return. Furthermore, the rise in property prices since the financial crisis means that their scope to generate additional returns may be somewhat limited.

Therefore, focusing your capital on shares could be a shrewd move. It may enable you to capitalise on the forecast improvement in global GDP growth in 2020, while accessing companies that continue to offer wide margins of safety.

Long-term growth trends

Within the stock market, defensive shares that can produce sustainable growth could be appealing. Risks facing the world economy, such as a trade war and geopolitical uncertainties, may mean that investors place greater importance on the reliability of growth provided by businesses. This could make cyclical less in-demand among investors, while stocks operating in sectors such as consumer goods and tobacco become more popular.

Additionally, growth trends such as healthcare could continue to be popular among investors in 2020.

The world's population growth and its increasing average age are challenges that are unlikely to abate in 2020. Therefore, opportunities to capitalise on it through purchasing healthcare companies, for example, may be worth taking in 2020.

Fundamental strength

As ever, investing in stocks that have solid balance sheets and strong cash flow is likely to be important in 2020. Although interest rates could stay at low levels in the next 12 months, the potential for them to rise over the coming years may mean that companies with sound fundamentals become increasingly popular among investors.

Therefore, undertaking the research required to establish whether a company has a solid outlook could be worthwhile. This may involve checking its annual report to ascertain the strength of its finances, as well as considering its growth strategy. This may be especially worthwhile given the risks that could be ahead for the world economy.

Outlook

The 2020 calendar year could include further uncertainty for investors following a volatile 2019. However, the risk/reward opportunities available in the stock market could make shares the best chance to generate high returns in 2020. They may improve your prospects of making a million in the long run.

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