



Forget Spread Betting & Forex Trading! Warren Buffett's Tips Can Make You a Million

Description

Making a million from your investments is never going to be an easy task, but following one of the world's most successful investors could help.

Warren Buffett has become one of the richest people on earth by investing for the long term, adopting a value investing strategy and avoiding leverage.

As such, now could be the right time for you to forget trying to make a million from high-risk pursuits such as spread betting and forex trading, and instead follow Warren Buffett's tips.

Long-term focus

While spread betting and forex trading often focus on trying to make a quick profit, Buffett has a long-term approach to generating returns. Many of his most successful holdings have been in his portfolio for decades. This has allowed their management teams to implement revised strategies which have been successful in delivering improved financial performances. It has also allowed their competitive advantages to strengthen their market positions.

While all investors have different time horizons depending on factors such as their age, allowing your portfolio holdings as much time as possible to deliver on their potential could be a good idea. It allows compounding to positively impact on your portfolio, while the track record of the stock market suggests that adopting a buy-and-hold strategy is likely to be successful due to the market's overall rise since inception.

Value investing

Warren Buffett focuses on the value of the stocks he purchases. This includes considerations for their quality, in terms of whether they offer a competitive advantage, and their price, in terms of whether there is a discount to intrinsic value on offer.

Adopting a similar methodology could improve your chances of avoiding lacklustre businesses, or paying a price that is too high for high-quality stocks. Achieving this twin-goal could improve your returns, since the risk/reward ratio of your portfolio is likely to be higher. It may also mean that you are forced to dig deeper into a specific sector to unearth the very best investing opportunities that could improve your prospects of making a million.

Leverage

Trading forex and spread betting often entails borrowing significant sums of money. In some cases, you may only need a modest amount of capital to enter into a trade that leaves you with a large exposure to a specific asset.

Warren Buffett has a strong dislike of debt, and has never invested using borrowed money. Certainly, leverage can magnify your returns. However, it can also lead to you losing more than your initial stake.

As such, avoiding leverage can help you to avoid major setbacks that can severely reduce your chances of generating a seven-figure portfolio. The return potential of the [stock market](#), when combined with favourable stock-picking and time, is likely to be a far better, and less risky, means of making a million.

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