Forget the Bitcoin Price! I'd Follow These 3 Simple Steps to Make Big Money

Description

While Bitcoin may have risen by 90% in 2019, the virtual currency continues to be a relatively risky place to invest.

Its price is dependent on investor sentiment, which means it is almost impossible to judge whether it offers good value for money at a specific price. Furthermore, its limited size means that it may never replace traditional currency.

As such, investing in shares using these three simple steps could be a better means of boosting your portfolio returns. In the long run it could increase your chances of generating a substantial sum of capital.

Buy undervalued shares

The track record of the stock market shows that it has always recovered from bear markets and recessions to post higher highs. As such, a sound investment strategy in the past has been to buy stocks while they trade on low valuations. They may be caused by factors such as global economic risks, as well as challenges within a specific sector, for example.

Buying undervalued shares can improve your risk/reward ratio. Investors have historically overreacted to the risks facing the wider economy, which has caused the valuations of a number of shares to perhaps be lower than they should have been given the future prospects for the companies in question.

At the present time, there are a number of stocks that seem to trade at discounts to their intrinsic values, as investors are cautious about the prospects for the world economy. Buying them now, and holding them over the long run, could improve your portfolio's returns.

Focus on growth sectors

It can be challenging to determine which sectors will deliver high growth in the coming years. However, a number of sectors appear to have bright futures at the present time. This could mean that they are worth focusing on when it comes to investing your capital.

For example, a growing and ageing world population could mean that healthcare products and services experience rising demand. Likewise, new technology in banking and financial services may lead to greater profitability. And, with e-commerce expected to grow in popularity, online retailers could improve upon their past financial performances at a fast pace.

By investing in industries which appear to have favourable long-term growth trends, you may improve your chances of generating strong returns.

Diversify

Diversification can help to reduce risk by lessening your reliance on a small number of companies within a portfolio. It can help to avoid major losses from a single stock, which may ultimately improve your long-term returns.

In addition, diversifying enables you to gain exposure to a greater variety of sectors and geographies. This may allow you to benefit from a wider range of growth opportunities that boost your returns and help you to build a portfolio that is valued at over seven figures.

CATEGORY

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