



## Forget Gold! I'd Invest in Dividend Stocks Today to Make a Million

### Description

Gold has become increasingly popular among investors over recent months. A variety of risks such as coronavirus, geopolitical uncertainty in the Middle East and US political challenges have contributed to many investors becoming increasingly risk averse. As such, they have become more positive about defensive assets such as gold.

While in the short run those risks could persist, they may provide a [buying opportunity](#) for long-term investors. As such, now could be the right time to avoid gold while it trades at a high price, and invest in undervalued dividend shares. They may increase your chances of making a million in the coming years.

### Potential challenges

The impact of coronavirus on the world economy's growth rate is a known unknown. At the time of writing, investors are becoming increasingly cautious about the near-term outlook for the global economy, with supply chains and consumer demand in many major industries expected to decline in the short run.

As a result, many investors may continue to purchase gold. It has a long history of being an effective store of wealth, and has often outperformed other major assets during times of economic distress. This may help to push the gold price even higher in the short run, although this is highly dependent on the ultimate impact of the aforementioned risks which face the world economy.

### Buying opportunity

Similarly, share prices may continue to fall in the short run. Investors could decide that after a decade-long bull market, now is the right time to take profits on their holdings, which may lead to a depressed period for the stock market.

However, in many cases, a deterioration in the performance of the world economy during 2020 may

already have been priced in. Across a variety of sectors, many stocks currently trade on low ratings compared to their historic averages, which provides investors with a wide margin of safety. In the long run, this could mean that the potential for capital growth is higher than it normally would be, while high dividend yields may offer an impressive income return at the present time.

## Income opportunities

Buying dividend shares right now may offer much more than just a high income return. The past performance of the stock market shows that the reinvestment of dividends has contributed a large proportion of its total return. Therefore, focusing your capital on undervalued income shares could be a sound means of not only boosting your short-term income compared to other assets such as cash and bonds, it may also lead to an impressive rise in your portfolio's valuation in the long run.

Furthermore, investor sentiment has always improved following previous stock market downturns. This time is unlikely to be different, which means that the current popularity of gold may not last over the long run. Therefore, investing in dividend shares could be a better means of seeking to make a million than buying the precious metal.

### CATEGORY

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2. Investing

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