



How I'd Find Top Stock Picks at Cheap Prices for December

Description

Seeking to find top stock picks to buy at cheap prices could be a worthwhile use of an investor's time. It may enable them to unearth high-quality businesses that have been overlooked by other investors. It may also mean that their holdings have greater scope for capital growth than the wider stock market.

As such, by comparing companies to their sector peers, focusing on their track records and considering their long-term growth strategies, it is possible to find the most attractive buying opportunities at the present time.

Comparing top stock picks with their peers

Identifying top stock picks could be made easier through a comparison between a company and its peers. This may provide guidance to an investor in areas such as a company's market position and how stable its financial performance could be in future. It may mean that an investor can find the strongest businesses in a sector that have the widest economic moats. Such companies may be able to capitalise more easily on the sector's long-term growth prospects.

Furthermore, an investor may be able to identify which companies offer the best value for money on a relative basis. For example, two companies in the same sector may have very different financial positions and the sizes of their economic moats may differ greatly. However, they may trade on the same valuations. This could mean that the stronger of the two companies is among the best top stock picks on a long-term basis.

Changing strategies for the long run

As well as comparing companies to their peers, analysing past performance may help an investor to unearth today's top stock picks. The current economic environment and its outlook are very uncertain. Therefore, assessing how a company has previously adapted to similar conditions could act as a guide as to how well they may cope with a difficult 2021. If they have been able to adapt their businessmodel to embrace change in the past, they may be worthy of a premium valuation.

Furthermore, considering a company's strategy may provide an insight into how its future financial performance may change. For example, analysing recent investor updates and annual reports may act as a guide to determine whether a company has the right strategy to improve its financial performance. It may be taking too many risks, or not enough risks, to gain a greater competitive advantage over its peers.

A long-term approach

Of course, today's top stock picks may take time to produce high returns. However, by comparing their prices with historic averages, as well as those of similar companies, it is possible to determine which stocks have the most appealing long-term capital appreciation potential. Over time, they could offer the most appealing prospects of outperforming the stock market.

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