



## Forget Gold and Bitcoin. I'd Use the Stock Market Crash to Buy Cheap Shares to Get Rich

### Description

There are a wide range of cheap shares available to buy even after many companies have experienced a rally following the stock market crash.

Certainly, there are risks ahead that may account for lower valuations. However, over the long run, the performance of today's undervalued shares could be relatively strong.

As such, they may offer a superior risk/reward outlook than popular assets such as gold and Bitcoin.

### Buying cheap shares after the stock market crash

The idea of buying cheap shares may currently be viewed as less attractive by some investors because of the 2020 stock market crash. Certainly, a recovery has taken place over recent months. However, the potential for stock markets to fall quickly is likely to remain at the forefront of many investors' minds over the coming months.

This may be a reason why some companies have low valuations at the present time. Weak investor sentiment, coupled with uncertain near-term operating conditions, means that many sectors contain cheap stocks. In some cases, their low valuations are deserved. But, in others, they have solid financial positions and the potential to expand their competitive advantages over the long term. This may mean that as well as being cheap shares, they have valuations that do not take into account their future prospects.

### Long-term recovery potential

Today's cheap shares could offer sound recovery prospects. The track record of the stock market shows that it has always experienced cycles. At times, this has meant sharp declines in a short space of time, such as that experienced in the 2020 stock market crash.

However, its overall trajectory has been an upward one in recent decades. Therefore, it seems likely that stock prices will move higher over the long run. Investors who use a buy-and-hold strategy on a diverse portfolio of stocks should benefit from an upward trend over the coming years.

Of course, cheap shares may offer greater scope for capital growth than the rest of the stock market. They may stand to benefit most from factors such as an improving economic outlook and stronger investor sentiment. Therefore, their prospects may be relatively positive as a recovery from the stock market crash likely continues.

## Avoiding gold and Bitcoin

Cheap shares may offer higher returns than gold or Bitcoin. Both assets have risen in price during the course of 2020, while many stocks have failed to do likewise. In gold's case, its price may now factor in an uncertain economic environment and low interest rates. As a result, there may be limited scope for further growth.

Bitcoin's value is very difficult to quantify because it lacks fundamentals. Therefore, its current price may lack a margin of safety. Over time, this could lead to relatively disappointing performance versus a portfolio of today's undervalued stocks.

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