



How I'd Unearth Top Share Picks to Buy Today to Make a Million

Description

It takes a considerable amount of time to make a million from buying shares. However, that process may be shortened through investing money in top share picks. They may offer good value for money relative to other stocks, and could deliver higher returns over the coming years.

Through investing in companies benefitting from clear industry growth trends while they trade at low prices, it is possible to outperform the stock market. Over time, this could improve an investor's financial prospects and lead them towards a seven-figure portfolio.

Buying shares to make a million

Of course, an investor can make a million by tracking the performance of the stock market. For example, indexes such as the S&P 500 and FTSE 100 have produced high single-digit annual returns over the past few decades on a total return basis. Investing even a modest amount of money, such as \$500 per month, over a 35-year time period would be sufficient to produce a portfolio valued in excess of a million at an 8% annual return.

Clearly, this example assumes that the stock market continues to produce high single-digit annual total returns. While there is no guarantee that this will take place, taking a long-term view of the stock market allows an investor to benefit from compounding. Over time, this can have a significant impact on their portfolio valuation, since they earn returns on previous returns.

Finding today's top share picks

Unearthing and investing in today's top stock picks can lead to market-beating returns, as well as greater scope to make a million. Although views on the best shares to buy may differ among a group of investors, they are likely to offer stronger profit growth than their index peers. As such, seeking to identify companies that operate in industries with clear long-term growth potential could be a shrewd move. They may benefit to a great extent from rising demand for their products and services.

For example, healthcare could be a growing market over coming decades. An aging and growing world population may mean demand for a variety of drugs and orthopaedics is required. This could catalyse the sales and profitability of healthcare-related companies. Similarly, online-focused businesses may deliver higher profit growth in future. The coronavirus pandemic has pushed many consumers online, which may now prove to be a permanent trend.

Meanwhile, buying companies with flexible business models may lead to higher returns. For example, a company with low fixed costs, low debt and a forward-thinking management team may be able to more easily adapt to changing market conditions. Not only could such companies offer higher return prospects and a better chance to make a million, they may also have less risk than their sector peers.

Buying attractive stocks at fair prices

Clearly, buying today's top share picks does not guarantee that an investor will make a million. However, purchasing them when they offer fair value for money may lead to market-beating returns. Over time, this may increase an investor's chances of generating a seven-figure portfolio, and of enjoying greater financial freedom in older age.

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Author

peterstephens

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