



## How I'd Identify the Best Shares to Buy Now for the Next Decade

### Description

Finding the best shares to buy now for the long term is a tough task. The economic outlook is uncertain, and may experience further deterioration in the short run depending on how the coronavirus pandemic progresses. Furthermore, a number of industries could experience major change as a result of the coronavirus pandemic and its impact on consumer tastes.

As such, buying companies with flexible business models and strategies, as well as capital to invest in long-term growth, could be a shrewd move. They may be better able to adapt to a fluid economic environment.

### The best shares may have flexible business models

The best shares to buy today may have strategies and financial positions that can be used to successfully adjust to changing industry trends. For example, companies that have a low proportion of fixed costs may withstand a period of weaker sales should political and economic risks increase. Similarly, companies that have solid balance sheets may be able to raise capital more easily to invest in new growth areas that have arisen as a result of the coronavirus pandemic.

Investors may be able to unearth such companies by assessing their fundamentals. For example, a company's annual report and recent investor updates provide information regarding their financial position and strategy. Businesses with low debt levels and access to substantial credit lines may have the financial flexibility to make necessary adjustments in what could be a period of rapid change. Company strategies that embrace evolving customer tastes may also be more successful in the long run than entrenched plans that become outdated.

### Searching for companies with weak near-term outlooks

Of course, the best shares to buy today are likely to offer good value for money. However, the stock market rally in the second half of 2020 means that many high-quality businesses now trade on relatively high valuations.

As such, investors may wish to consider sound companies that are currently experiencing difficult operating conditions. For example, they may be facing disruption caused by coronavirus, or weak demand for their products as a result of declining consumer confidence. Should they have the financial means to survive the short-term challenges they face, over the long run they may be able to deliver impressive returns due in part to their low prices. They may be among those shares that benefit the most from a long-term stock market recovery.

## A diverse range of stocks

It continues to be difficult to assess how the economy will change in the next decade. Some of the best shares may even struggle to adapt and deliver growth in an economy that has an unclear future.

As such, it is a good idea to diversify across a broad range of businesses within a portfolio. Doing so can mean less risk, as well as greater returns as the world economy gradually recovers from the challenges faced in 2020.

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