
Stock Market Recovery: Why I'd Still Buy Shares Today to Make a Million

### Description

Even though many stock prices have risen over recent months, a plan to buy shares could still be the best means of making a million.

A number of high-quality companies currently trade at low prices. This suggests they could have large scope for capital growth in the coming years.



Furthermore, the lack of reward potential available among other mainstream assets could mean that a portfolio of shares outperforms its peers.

## The potential to buy shares at cheap prices

The uncertain economic outlook has caused many stocks to trade at cheap prices. The history of the stock market shows that a plan to buy shares while they offer wide margins of safety can be hugely profitable. It allows an investor to take advantage of market cycles, in terms of buying stocks at low prices and selling them at high prices.

Such a strategy has largely been popular because the stock market has a long track record of recovering from even its very worst declines. For example, indexes such as the FTSE 100 halved during the global financial crisis. However, within just a handful of years they recovered to post new record highs. Although this outcome cannot be guaranteed to take place for all shares after the 2020 stock market crash, a likely economic recovery could cause stock prices to surge in the coming years.

## Relative appeal of shares

While now may be the right time to buy shares because of their low prices, other assets seem to lack investment appeal. For example, income-producing assets such as cash and bonds now offer disappointing returns because of low interest rates. Furthermore, the outlook for interest rates means that this situation may persist over the medium term, as policymakers favour an economic recovery ahead of maintaining low levels of inflation.

Similarly, assets such as gold and property could lack appeal at the present time. The precious metal trades close to a record high, which suggests there is limited scope for capital gains. House prices are also relatively high, which could signal a lack of capital growth potential in comparison to a portfolio of undervalued shares.

## Making a million

Making a million through a strategy that seeks to buy shares at low prices could be successful in the long run. Even if an investor matches the high single-digit annual returns posted by the stock market in recent decades, a $100,000 investment today could be worth over a million within 30 years.

However, with a likely stock market rally ahead and low valuations on offer, making a million from buying shares right now could be a faster process. Such a strategy may lead to market-beating returns that allow a portfolio to grow at a fast pace – especially when compared to the performance of other mainstream assets.



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