



3 Investing Secrets to Grow Rich

Description

How many people do you know who have grown rich by saving? There is a thin line between saving and investing. You save to meet your financial goals, but you invest to generate wealth. Investing needs time, patience, strategy, trust, research, and balance. The Motley Fool team shared some interesting investing secrets on LinkedIn. Here are three investing secrets to wealth creation.

Investing is 1% making decisions and 99% waiting patiently

It only takes you a few hours to read and study about a stock. But it takes the stock at least five years to give you decent returns. How do you think [Warren Buffett](#) made his wealth? He has been patiently waiting on every stock he bought. Think of it as a child. An infant can't start solving $e=mc^2$ at age two. And even if the infant is a genius, they need at least 10 years to get to that equation.

One stock that can reward you for your patience is **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). It was not very rewarding in four of the last five years (it surged 25% between June 2016 and June 2020). But the wait is over, as the stock is moving up the ladder on the back of the electric vehicle (EV) revolution. It surged 25% in the last 12 months, which means it covered its four-year growth in one year.

And the stock still has growth potential. As global economies re-open, EV sales are expected to surge, because of the carbon emission norms set by China, the United States, and Europe. These countries are serious about reducing their CO2 emissions by 2030. And the major contributor to greenhouse gas emission is transportation, according to the Environment Protection Agency [report](#). Hence, EV makers could see a splurge in demand.

Magna is at a [sweet spot](#) here, as it offers third-party manufacturing to 23 of the top 25 EV makers. Sadly, **Tesla** is not among the 23 customers, but Magna does supply components to Tesla. There might be periods of slowdown, but waiting is likely to pay off for a stock on the brink of a revolution.

Most of your life returns come from just a few of the investments you make

Continuing on the first secret, don't beat yourself up if three of your five stocks underperform. It is normal. It is the 80:20 rule: 80% of your returns come from 20% of the investments you make. For example, Warren Buffett is swimming in the billions of dollars of treasure he made from investing in Apple.

Hence, it is imperative to have a diversified portfolio. All you need is one future Apple in your portfolio. Just to let you know, Magna is eyeing the possibility of building the future Apple car.

Bad news in the short run doesn't prevent good returns in the long run

The third and the most important investing secret is to look at the bigger long-term picture. The short-term noise will not impact the long-term gains of a stock. The March 2020 market crash taught a new lesson. Every crisis presents an opportunity. Those who bought Magna stock in the March crash are enjoying about 150% growth.

Any bad news will fade with time, and a fundamentally strong stock will rise like a phoenix. This is the math of the recovery rally. When stock A trading at \$10 falls to \$5, that is a 50% dip. But when it surges back to \$10, that is a 100% jump. Don't panic sell. Hold on to your stock in thick and in thin. With time, your investments will make you rich.

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pujatayal

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