



## How to Make a Million Dollars From Stocks

### Description

Often, people ask me how to become a millionaire from stocks. They probably heard trader stories about Redditors buying yachts. I hate to burst the bubble, but there is no such thing as quick money without risk. The trader who made millions in a few months with a few trades invested a hefty sum and took a gamble of losing. But this doesn't mean you can't make millions from the stock market. If you want to earn millions and even sustain it, you need time, strategy, and patience.

I will discuss a strategy that can give you a balanced return while taking a calculated risk. And probably, in the long term, set you out on the road to million dollars with controlled risk.

### How to be a millionaire investor

[Warren Buffett](#) is a celebrated value investor who made his fortune from stock market investing. Like all value investors, he loves the power of compounding, wherein you earn interest on interest. The stock market is dynamic and has its ups and downs. In some years, your portfolio will give negative returns; and in other years, it'll have positive returns. The trick is not to let the bears and bulls control your emotions. For that, you need to do a thorough research of the stock.

Firefighters are better skilled at controlling fire because they have protocols and safety measures. This doesn't mean that firefighters don't get hurt, but their probability of getting hurt is lower than that of a civilian. Similarly, if you do your research, you will learn the various risks the company is exposed to and its preparedness to tackle them. Hence, when the event happens in real life, you won't panic.

Buffett [sold](#) his airline stocks in the March 2020 dip, as his research showed that even the largest and the most profitable U.S. airlines can't sustain in a no-flying environment for months. He was right, as the entire airline industry suffered its biggest loss in 2020. At the same time, he [bought](#) **Dominion Energy's** natural gas pipeline business and invested in **Suncor Energy** when they were in the pandemic dip. He knew that these are essential services and would surge significantly in a rebound.

His market wisdom helped Buffett earn US\$8.3 billion in the first two months of 2021. You can learn from Buffett and buy the right stock during the dip and not hesitate to sell a weak stock in the dip.

## One stock to sell in a dip

Instead of parking your funds in stocks that are in a multi-year decline, you can book a loss and recover it later by investing in a growth stock. To help you understand what kind of stocks to buy and sell, I will compare two stocks.

**Facedrive** (TSXV:FD) is a stock that surged 284% in February on the back of its all-share acquisitions. But doomsday came, and the stock lost all its value. The company started as a ride-sharing company in 2016. Last year, it ventured into several businesses with little synergies. As the saying goes, too many cooks spoil the food. A similar thing happened with Facedrive. Too many businesses increased Facedrive's expenses and losses. It lost focus from its core business of ride-sharing, leading to a fall in its value.

Avoid such stocks where the company's business shows no proper growth path. Do not buy such stocks, even at the dip, because in the end, the stock price is nothing but the investors' expectations of the business.

## One stock to buy in a dip

**Dye & Durham's** ([TSX:DND](#)) acquisitions generated significant returns. Dye & Durham provides software solutions that help legal and other professionals optimize workflow. It has been acquiring companies that offer similar devices to expand its customer base geographically and across verticals. The company enjoys predictable cash flows because of long-term service agreements with clients. Its stock has fallen 22% since September, creating a buying opportunity.

While it is a good strategy to buy the dip, it is important to choose the right dip. Know the stock before you own it.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSXV:STER (Facedrive Inc.)

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