



3 Ways to Achieve \$1,000,000 Sooner Via Stocks

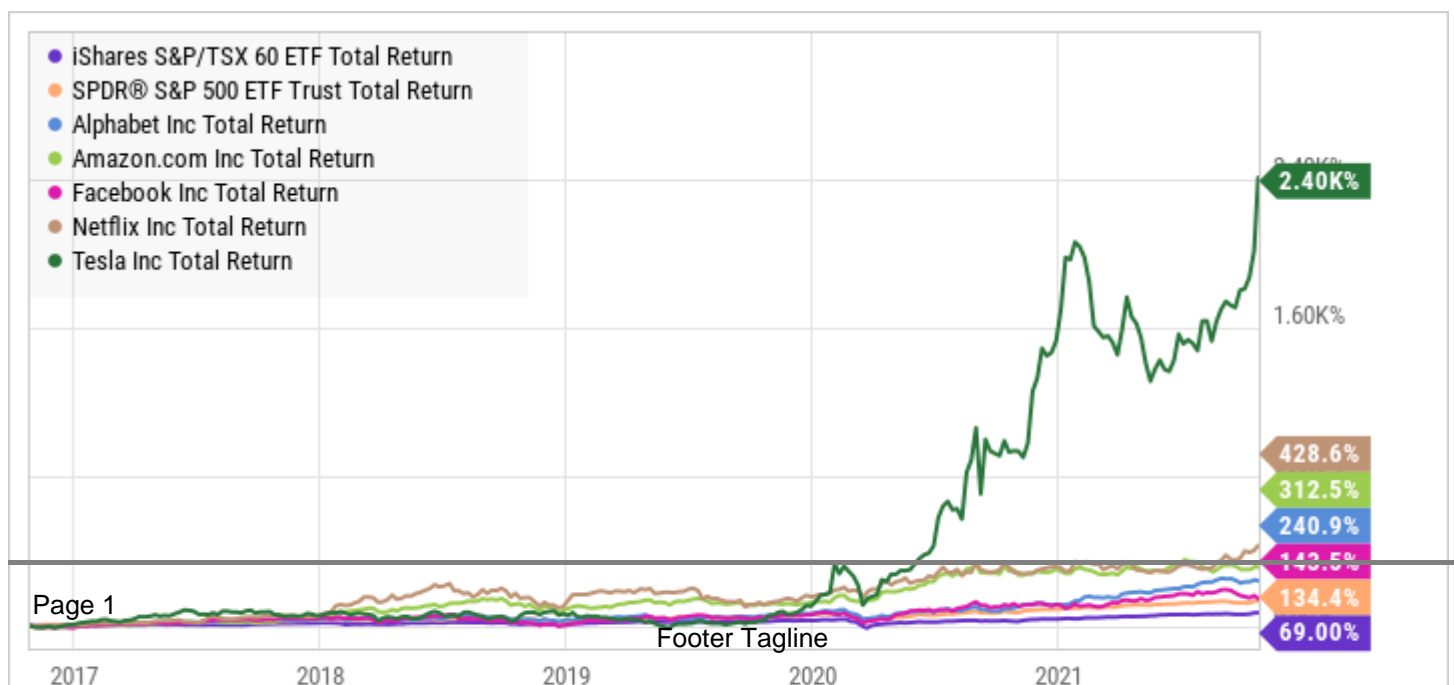
Description

Stock investing is personal. You should find a strategy or mix of strategies that work for you. Some people might disagree with some of my methods, but below could be some methods you can adopt and make it your own to help you become a millionaire. Firstly, buy and hold growth stocks. Secondly, buy quality dividend stocks at good valuations. Thirdly, actively invest.

Buy and hold growth stocks

The long-term average stock market return is 7-10% per year. So, if you have businesses that are expected to grow 12-20% (or even higher!) annually in the foreseeable future, hold these growth stocks. The interesting fact is that you don't necessarily need to bet on small-cap stocks to get this kind of growth. Large-cap **Alphabet**, **Amazon**, **Facebook**, **Netflix**, and **Tesla** all look like plausible ideas that fit this growth range.

Here's how the [growth stocks](#) have fared compared to the North American stock markets in the last five years. Tesla stock obviously beat the stock markets by a country mile, but the others still outperformed and did their job. The worst performer is Facebook stock, which still delivered total returns of approximately 19% per year in the period, despite the recent selloff.



XIU Total Return Level data by YCharts

Buy dividend stocks

Buy quality dividend stocks that pay nice dividend yields of at least 3% and are growing their dividends over time safely. The idea is for this group of dividend stocks to provide a good portion of their returns from their payouts. In market crashes, holding these dividend stocks should help you sleep better at night. They could be some of the big Canadian banks like **RBC** or telecoms like **BCE**, and top-notch utilities like [Fortis](#). Your goal is to buy them when they're trading at good valuations so that you get a good yield and a margin of safety for your invested capital.

Actively invest

If you have the passion and time to watch stock markets, you might trade a group of stocks that have good growth potential but are volatile. For example, there are businesses that are still losing money, but they could have a new breakthrough or product soon. You can consider biotech companies for this group. Some tech stocks that are not yet profitable but are expected to grow their revenues at high paces might make this list as well.

The idea is to buy on corrections and sell on good news. I've seen too many times that these types of stocks were run up swiftly and then dropped by the market just as quickly, especially for micro-cap stocks. One can never sell at the top nor buy at the bottom. So, you have got to take whatever profit you can sometimes when you see the stock retreating.

The market always punishes these stocks when uncertainty arises. Ideally, you would be able to recycle your capital within a year to redeploy in other opportunities. This market-timing strategy could make you a hefty sum of money if deployed successfully in a Tax-Free Savings Account.

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