



3 Tips to Become a Successful Investor

Description

Investing is a life-long journey. Unfortunately, many investors have to start this journey with very little guidance. In fact, if you've stumbled upon this article, you're already ahead of the game. That's why getting as much advice from as many perspectives as possible can be beneficial. In this article, I'll discuss three tips on how you could become a more successful investor.

Invest in blue-chip stocks

Many new investors often think that they need to take on a lot of risk to generate returns. However, that's not necessarily true. By investing in blue-chip stocks — in other words, mature and established companies — you can see excellent returns over time. In Canada, there are many blue-chip stocks you can consider.

Brookfield Asset Management, an alternative management firm, has managed to turn a \$10,000 investment into nearly \$500,000 over the past 26 years. **Constellation Software**, a large consolidator of VMS businesses, has turned a \$10,000 investment into more than \$1,000,000 over the past 14 years. Although those companies were much smaller in previous decades, both are still performing at a very high level. Those two companies are proven winners and are proof that blue-chip stocks can help you achieve success.

Trust in the stock market over the long term

You can also spread risk by investing in a basket of companies. One way to do that is by [investing in ETFs](#). These are funds that track an index. As a result, they require less active management and are offered with much lower fees than mutual funds. My favourite ETF is the **Evolve FANGMA Index ETF (TSX:TECH)**. It tracks the performance of the six big tech companies in the States. Those companies include **Meta Platforms**, **Amazon**, **Netflix**, **Alphabet** (Google), **Microsoft**, and **Apple**.

If you're interested in spreading your risk across an even larger number of companies, you can always invest in broad market ETFs, which track market indices. Examples include the **S&P 500** or the **S&P/TSX Index**

. The first of these indices covers American companies, while the second is focused on Canadian entities. Historically, the stock market has been the [best-performing asset class](#). By investing across the top companies in the stock market, you put yourself in a great position to succeed.

Invest consistently

The final way you can become a successful investor is, well, by investing! By consistently putting money into your investment account, you keep giving it the fuel it needs to compound. Take this as a case study: say you're a 30-year-old investor who has \$20,000 invested today. Imagine that you're able to invest \$500 per month and your account grows a modest 6% each year. After 30 years, you'll have more than \$600,000 in the stock market.

If you're able to invest \$1,000 per month, given the exact same scenario, then you'll have more than \$1 million after 30 years. For some, 30 years may seem like a long way away. However, that should set you up for a cozy retirement. By investing each month, regardless of how much it may be, you put yourself in an excellent position to succeed over the long term.

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Date

2025/08/14

Date Created

2021/11/26

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