

Stock Investing Strategies

Investing in stock for best returns

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Value Investing vs Dividend Investing

Income investing and Value investing are two methods of making money from stocks. One way attempts to buy undervalued stocks sure to take off. The other method attempts to get into stocks that are paying out a monthly income to their stock holders.

Which one of these two is the most profitable? Well each strategy has one big weakness and one big strength.

Value investing which involves buying strong companies whose stocks are undervalued has one major advantage. When you look at the long term results of this strategy it really does work. Great companies with good fundamentals will almost always beat the [average stock market return](#) over the long term.

This means that it can be worth your while to look at the company. Things like the [PE ratio](#) and the price to book ratio are very important ways of measuring how well a company will do in the long term.

However there is one big disadvantage to value investing. Investing for value is a very long term approach; you may have to hold a stock for 20 years or more to see any real kind of return off of that equity.

The real benefit of buying [great dividend paying stocks](#) is that you can start to see money as soon as you buy it, without waiting such a long time. Because stocks will pay a consistent dividend buying good quality dividend stocks helps to produce an income whether or not the stock goes up.

However dividend investing has one big pitfall of its own, it takes a lot of money to make money.

Combining these two strategies is probably a much better option then just doing one. As a stock appreciates over time so does the dividend which means the income it produces also increases. In short each of these strategies is comes up short where the other is profitable.

It can take some time to get a plan like this to work. But it can be a very powerful long term way of saving.

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[Dividend Investing and Value Investing](#), [Dividend Investing vs Value Investing](#)

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