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portfolio for the long-term. Both services recommend buying and holding for no less than three to five years, departing with some of the other swing trade alerts service people use to find short-term profit potential in the stock market. Motley Fool Stock Advisor: Best for Buy-and-Hold Investors Available: Sign up here Best for: Buy-and-hold growth investors Price: Discounted rate for the first year (shown below) Motley Fool's signature product, Stock Advisor, aims to provide investors with one thing: top picks for market-beating stocks from the site's co-founders. Stock Advisor is an online investment service that espouses my favorite, plain-vanilla trading style: buy-and-hold. Fool analysts provide recommendations for both "Steady Eddies" and potential high-flying stocks with sound fundamentals—an ideal combination of holdings if you want to generate strong performance without risking extremely high volatility. Importantly, Stock Advisor doesn't just give you a list of tickers and call it a day—it also provides investment rationales and research for each pick to help educate you before you buy. And now, Stock Advisor membership provides access to Motley Fool GamePlan: a hub for retirement and financial planning content and tools to improve not just your portfolio, but your entire financial life. GamePlan outlines three portfolio strategies—Cautious, Moderate, and Aggressive—with picks for mutual funds, exchange-traded funds (ETFs), and stocks, including allocation recommendations. It also hosts a library of content about financial planning, including topics such as everyday finances, health and wellness, and estate planning. And it boasts tools including a variety of calculators, such as credit card interest and mortgage calculators. How has Motley Fool Stock Advisor performed? Stock Advisor stock picks have performed exceptionally well over the service's 22-year existence. The service has made 190 stock recommendations that have historically delivered 100%+ returns. Overall, the Motley Fool Stock Advisor stock subscription service has returned 740% through July 24, 2024, since its inception in February 2002. This number is calculated by averaging the return of all stock recommendations it has made over the past 22 years. Comparatively, the S&P 500 Index has returned 163% over that same time frame. What to expect from Motley Fool Stock Advisor The Motley Fool Stock Advisor service provides a lot of worthwhile resources to members: "Foundational Stocks": 10 stocks that can serve as the foundation of your portfolio, whether you're a new investor or experienced Two new stock picks each month Monthly analyst rankings of the service's top 10 stocks based on their potential to beat the market over a five-year span A list of all the service's active picks, "hold" recommendations, and closed positions Recommendations for stocks and fixed-income exchange-traded funds (ETFs) you can use to build a diversified portfolio core Access to the GamePlan financial planning hub Access to Fool IQ, which provides essential financial data and news summaries about all U.S.-listed publicly traded stocks Access to a community of investors engaged in outperforming the market and talking shop The service charges a discounted rate for the first year and has a 30-day membership-fee-back period. Read more in our Motley Fool Stock Advisor review, or sign up for Stock Advisor today. Motley Fool Epic: Stock Picks for Any Investor Motley Fool Available: Sign up here Price: Discounted price for the first year (shown below) Motley Fool Epic isn't itself a stock-picking service—instead, it's a bundled selection of four popular Motley Fool stock recommendation products, three of which you can only enjoy by becoming an Epic member: Stock Advisor: Buy-and-hold stock picks designed to deliver consistent performance with less volatility. Stock Advisor is the only one of these services you can subscribe to individually. (See our Stock Advisor review.) Rule Breakers: Stocks that have massive growth potential, whether they're at the forefront of emerging industries or disrupting the status quo in long-established businesses. (See our Rule Breakers review.) Hidden Gems: Stocks of medium-to-large businesses, selected by Fool CEO and co-founder Tom Gardner for their "all-in, visionary leadership teams." More so than the other services, Hidden Gems is mindful of macroeconomic and market environments—and how they might dictate how aggressively you should invest. Dividend Investor: This recommendation service revolves around producing equity income. Fool analysts target companies that deliver above-average yields and dividend growth, with the hope of producing both competitive total returns and an income stream that should carry you through retirement. Epic members will get five new picks per month across the various services, can access all active recommendations, and also view Cautious, Moderate, and Aggressive strategies including specific stock allocations. But Epic is more than just a pile of recommendation services. Among other features, an Epic membership also unlocks access to ... Fool IQ+: Fool IQ, which comes with Stock Advisor, provides essential financial data and news summaries about all U.S.-listed publicly traded stocks. With Epic, you get Fool IQ+, which includes all the features in Fool IQ, as well as a much wider variety of financial analysis data (earnings coverage, insider trading data, analyst opinions, and more) and advanced charting options. GamePlan+: GamePlan, which comes with Stock Advisor, is a hub of financial planning content and tools. GamePlan+, which you get through Epic, delivers a wider array of articles and tools, as well as more in-depth coverage. Epic Opportunities: A members-only podcast. You can learn more by reading our Epic review, or sign up today at Motley Fool. → Dividend-Paying Stocks Despite being associated with lower long-term returns than many other asset classes, dividend stocks are still a compelling option in some cases. Dividends are regular cash payments issued to shareholders. When thinking of high-yield investments, these likely represent the most direct way to consider how an investment can put money back in your possession. Because of this direct cash transfer, dividends also tell a lot about the risk profile of a stock. When thinking about the risks involved with a stock that pays dividends (or not), consider some of these factors: The dividend should be far more consistent and declared in a similar (or growing amount) each quarter. Whether the stock goes up or down, the dividend comes to your brokerage account just the same. Even if your stock underperforms for a while, these dividends should give you something of value and make it easier to hold onto the stock during a market swoon or period of underperformance. Dividends tend to buffer significant falls in price, assuming economic circumstances don't warrant cutting dividends. Also, dividend payments remain fixed in dollars per share terms, but dividend yields can rise when a stock's price falls. That measure represents the amount of money you can expect to return based on the company's current share price in a year. As a stock's price falls, you're paying less for that same dividend—assuming the company doesn't cut it. Dividends represent stability to investors. Each period, the company needs to have a certain amount of cash go out the door to investors. This minimum level of cash flow going off the balance sheet means companies need to be less risky and plan for this ongoing cost as part of their corporate strategy. As mentioned above, companies can—and some will—slash their dividends in times of economic uncertainty. While usually one of the last items for a company to cut, because it usually results in the stock plunging—people buy dividend stocks for their consistency. When the company threatens that consistency, investors tend to sell in favor of other investment options. Look for companies with a consistent history of dividend growth and high yields. Conservative investors tend to find more comfort in these stocks because they have less risk tolerance and still get rewarded for their investment choices through regular dividend payments. 2. Start Investing in the Stock Market through Exchange-Traded Funds (ETFs) Thanks to events like the Gamestop market mania of early 2021, or the sudden rise of Dogecoin, SPACs, or other meme stocks, many people expect quick and high returns on investing in the stock market. But because of its volatility, this is not guaranteed. One way to diffuse this risk and still earn good returns over time, consider using index funds as an ETF to build diversification into your portfolio. For beginning investors, using these funds to build entire investment portfolios can make a lot of sense. They provide instant diversification with low costs all-in-one investment. Over time, these are safe investments that build considerable wealth. To understand what makes diversification powerful, let's go through a thought experiment on these long-term-oriented, low-risk investments. What's better than one company that generates an average annual return of 10%? Two companies that earn an average annual return of 10%. What's even better than that? Thousands of companies taken together that generate this kind of return consistently. Why? Because any one company can befall a disaster, suffer a significant setback or even go out of business. Your risk tolerance need not be as high to invest in these safe investments (over long periods). If you own shares of a fund holding stock of different companies, you avoid torpedoing your portfolio because you spread the risk out to several companies. While markets overall can drop in tandem on major economic news, by holding several companies in index funds simultaneously, your portfolio won't take on any added risk of specific companies failing. If you can hold through this market tumult and continue to stand firm for years to follow, the market has always rewarded you in the last century. As an example, think back to the Great Recession back in 2008. If you had owned an S&P 500 index fund, your eyes might have watered as you saw your position lose almost half its value in just a few months. But, if you managed to hold, your same S&P 500 index fund investment would have averaged 18% per year over the next decade. Just imagine if you'd bought more of the index fund when it fell! The lesson here? If you can see your stock portfolio as an illiquid basket of securities and can only add to them, you can rest easy knowing your money will come back strong over the long term. 3. Start Investing in the Stock Market through Mutual Funds Investing can be a daunting task for any investor, but many believe that young investors benefit from setting up mutual fund accounts early. These investment vehicles act like ETFs by purchasing a bundle of securities attempting to fulfill some stated investment aim. Mutual funds build portfolios of underlying investments through pooling your money with that of other investors. This creates a more extensive collection of stocks, bonds, and other investments, called a portfolio. Most come with a minimum initial investment requirement. When a mutual fund's securities' values change, the net asset value (NAV) is adjusted accordingly by calculating how much more—or less—the fund would have to sell its investments for to fulfill shareholder redemptions. This price changes based on the value of the securities in your portfolio at the end of each market trading day. Owning a mutual fund in and of itself does not grant the investor ownership to the underlying securities, and they only own the mutual fund shares themselves. Mutual funds can be stock funds, bond funds, a combination of them or investments in other assets. Retirees tend to hold a combination of stock funds and bond funds in their retirement portfolios because they both can pay dividends and deliver the upside of stock investments. Mutual funds come in two types: passively managed and actively managed mutual funds. Managers of an active mutual fund management company buy and sell investments based on their stock research and the fund's investment strategy. The goal of portfolio management is typically to outperform a comparable benchmark—a commonly used but risky approach. Passively managed mutual funds simply attempt to recreate the performance of a benchmark index like the S&P 500, Dow Jones or Barclays Corporate Bond Index. These are simply index funds but in mutual fund form. You can invest in mutual funds through: IRAs (Traditional and Roth IRAs) 401(k)s 403(b) 457 plan 529 Plans Education Savings Accounts All of these types of investment accounts will allow you to reap the long-term rewards of compounding returns in a diversified investment. Investing money in the stock market is one of the best ways to make it grow. Putting your hard-earned cash into investments, such as stocks and bonds, can be a great way to build wealth over time that you otherwise may not have an opportunity to access until later in life. The great news is you don't need much money to begin. Even investing small amounts consistently can pay off significantly over time, thanks to compound interest. That's because instead of just earning interest on your initial investment every year like an ordinary savings account would, with the power of compound interest, you also earn interest on your original principal and any accumulated returns. Investing is not just for adults either. If you are a teen or young adult that has some extra cash to invest every month, it's never too early to start planning for your future financial goals through investing. There are plenty of other reasons why someone should start investing as early as possible, but ultimately it's because of the power of compound interest and compounding returns over time. The earlier you start, the better. What Should You Consider as a New Investor? As a brand new investor, you should consider some of these things. 1. Financial Goals Sure, we all want to grow wealth, but it's essential to create specific financial goals. Write down your net worth goals for now, in five years, in fifteen years, and beyond. Then, work backward to understand how much you need to invest and the types of returns you'd need to achieve to reach your goals. Related: How to Know What Stocks to Buy: Pick Stocks for the Long-Term 2. Time Horizon Again, it's essential to consider time. When do you want to retire? Or, when do you want to achieve a financial freedom number? The time frame for meeting your investing goals is just as important as the amount of money you want to have in the future. 3. Risk Tolerance The first step to becoming an investor is knowing your risk tolerance. The right investment mix will depend on how much you can stomach fluctuations in the market and what return rate you are looking to achieve over time. Your age, family situation, where you live, whether or not this is your primary income source (or only source), and net worth are all crucial factors that play a role in how risky your investments should be. Typically beginner investors can afford to be a bit riskier than older investors, even if they start with very little money. No one answer applies universally because everyone has different goals and a different tolerance for risk when investing money. 4. Diversification Diversification is a strategy that can help improve your investment returns while also reducing risk. The idea behind diversification is to limit volatility by investing in different types of assets rather than just one or two. For some people, that means having a diverse investment portfolio, and for others, it means using investment apps in addition to robo advisors or online brokers. A diverse portfolio could contain stock investing, real estate investing, an employer-sponsored retirement plan, and even saving money in cash. If you have questions about how diverse your investments should be or whether you're on track with your retirement savings plan, you can always consult a financial advisor. Related: 9 Best Robo-Advisors for Investing Money Automatically 5. Automated vs. Manual Automated investing means just that - you set up automatic transfers and automatic investing. Typically automatic investors continue to invest month after month regardless of market conditions. This is a highly efficient way to invest money because you can invest consistently over time without letting emotions or the financial news affect your investing behavior. Manual investing means that you (or your financial advisors) actively watch the financial market and strive to make intelligent investments depending on your goals and market conditions. Deciding on automated vs. manual investing is a personal decision based on your comfort level and long-term goals for financial independence. 6. Taxes There are many tax considerations when it comes to investing. Your investment income could be taxed. There are also tax-advantaged accounts and other tax benefits depending on the type of investment account you open. If you have questions about investing and taxes, consult a tax professional to ensure that your investments are tax optimized. How Much Money Do You Need to Start Investing? There is no magic number for how much money you need to start investing. The amount of capital required for a well-diversified portfolio depends on your age, risk tolerance, and financial goals as an investor. Generally speaking, the younger you are when you begin investing, the better. After all, the more money you can invest early in your life, the more time compound interest has to work its magic. Luckily, with the emergence of investing apps and low-cost brokerage firms, you can start investing today with just a few dollars (or even a few thousand dollars!) The most important thing is that you get started, do your investment research, and take an active role in learning how to build wealth in the future. Related: 11 Best Non-Stock Investments [Alternatives to the Stock Marke]