

Buy-and-Hold Strategy

A buy-and-hold strategy is a strategy of investing that doesn't try to take advantage of companies that are inexpensively priced as much as it tries to profit from good firms creating real value over time. This strategy most faithfully adheres to the no-nonsense policy of just buying firms because they are good firms that can excel in their chosen industry and not because the investor feels he or she can sell the firm's stock to someone else for a higher price. A buy-and-hold strategy is one of the least speculative strategies available, and it is characterized by low turnover and low trading costs.