

## Investing successfully in stock market? Index fund investing strategy analysis

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### Abstract

This paper aimed to examine the best investing strategies in stock market. We claim that Index Fund Investing is the best investing strategy in stock market. Most of the empirical evidence used in this paper leads us to the conclusion that it is almost impossible for an investor to outperform the overall market by investing in a single company or by market timing selection. We believe that this paper has two-folded contribution. It contributes to the academic literature, as well as towards providing basic knowledge of investing in stock market, which we believe would minimize risk of loss. Investing in stock market is a challenging action. Many investors lose money in stock market. The reason for that is lack of understanding of market cycles, emotional decision making, following a speculative gambling investing strategy, and alike. In this paper we have provided what we claim is the best strategy of investing in stock market. Using empirical facts and analysis we have attempted to provide the best strategy of investing in stock market, by which an investor can mitigate risk and guarantee success. We claim that investing in mutual funds index such is S&P 500 and other similar indexes is the best way for long term success in stock market. S&P 500 is a stock market index that measures the performance of the 500 companies listed in US Stock Market. The involvement of these companies depends on their success. If they do not perform well, they are removed from the index. The latter strategy makes S&P index more secure compare to individual companies.

**Keywords:** Investment, stock market, fund, analysis.

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