



## Bitcoin Doubles in Under 6 Months! Is it the Key to Retirement Riches?

### Description

The rising price of Bitcoin may tempt many investors to add it to their portfolios. After all, it has posted strong gains in the last six months that have led to it more than doubling in price. This is in contrast to the global stock market, which has been hit by continued uncertainty regarding risks such as a trade war between the US and China.

However, Bitcoin continues to face an uncertain future. It may ultimately produce high volatility, as well as disappointing returns. This could mean that when it comes to planning for retirement, investors are better off sticking to the [stock market](#) in order to build a nest egg.

### Investment appeal

Bitcoin's future price rises are exceptionally difficult to accurately predict. This is in contrast to the stock market, which seems likely to post positive returns over the long run. The history of the stock market shows that there are bear markets at fairly regular intervals. But, they present the chance for savvy investors to buy high-quality businesses while they trade on low valuations.

The virtual currency's investment prospects, however, are more complex. Its future is arguably dependent upon it becoming increasingly popular among consumers and investors. For the former, it is argued by some investors that it has the potential to eventually replace traditional currencies. For the latter, it is sometimes argued that it offers portfolio diversification that improves an investor's risk/reward ratio.

However, with Bitcoin's size being limited and regulatory concerns being very real, its potential to replace traditional currencies seems to be relatively low. And, with its performance in 2018 showing that it is susceptible to weak investor sentiment, its potential to replace gold as a store of wealth appears to be limited.

### Risk/reward

Of course, Bitcoin's rise over recent months has been far higher than major indices such as the S&P 500 and the FTSE 100 have been able to deliver. However, for investors who are looking for the opportunity to generate exceptional returns from their portfolio, the stock market could provide the answer.

One of the most appealing aspects of the stock market is that it caters for investors with a variety of risk appetites. As such, investors who are prepared to take a large amount of risk in return for high potential rewards could invest in smaller businesses, or in companies with recovery potential. They may be able to deliver higher returns than the wider index, and Bitcoin, due to them being relatively speculative.

Such companies have the added bonus of providing fundamentals that investors can use to determine their appeal and value. Annual reports, trading updates and a variety of other materials are available through which to accurately determine a company's risk/reward offering.

Therefore, while Bitcoin may have doubled in the last six months, a number of stocks will undoubtedly have beaten it. For less risk-averse investors, buying such stocks rather than the virtual currency could be a better idea.

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## **Author**

peterstephens

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