



Forget Bitcoin and Gold: I'd Buy These Battered Shares Today to Weather Volatility

Description

When most folks are worried that the broader markets are skating on thin ice, they immediately think of investing in gold, either through gold miner stocks or physical bullion itself, or Bitcoin, an asset that some consider being the “new” gold.

As you may know, Warren Buffett is no fan of gold, and for a good reason: it's an unproductive asset.

Gold is a great way to combat inflation and weather [volatility storms](#) as they come along. Still, over prolonged periods, they tend to be unrewarding relative to most productive assets (like dividend-paying shares) that pay you handsomely over time for holding them.

Gold: An unproductive asset that isn't without its risks

I like to think about gold as some sort of insurance policy.

You'll be glad you have it when the markets implode, but having too much of it can be to the detriment of your portfolio's longer-term total returns, especially if you overpay for it. With gold well above its mid-cycle price (now flirting with \$1,800), I'd argue that the shiny alternative asset isn't as “prudent” a bet as it seems at this market crossroads.

Bitcoin: Not a very good gold alternative

Bitcoin, like gold, is an unproductive asset that some view as an alternative form of gold. But as we saw during the February-March coronavirus crash, the cryptocurrency traded more like a stock than a safe-haven asset, as its price dramatically fell off a cliff in conjunction with the equity markets.

Bitcoin, or any other cryptocurrency, for that matter, isn't a very good alternative to gold. It's an unproductive asset that's more prone to wild swings than shares of your average publicly traded company, and unlike dividend-paying shares, it won't pay you a cash dividend for your patience.

Should we be in for another round of the coronavirus market crash, I'm of the belief that we'll see Bitcoin mirror the broader equity markets again.

So, if you're looking to combat volatility while getting compensated with a cash dividend for your patience, forget about Bitcoin and gold. Gold prices (and shares of their miners), I believe, are a tad on the frothy side, and Bitcoin has yet to prove itself as a "safe-haven" asset given its ridiculous volatility and failure to hold up in the 2020 market crash.

An attractively valued productive asset that looks to have better risk/reward than Bitcoin and gold

Consider shares of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), a stock that will have your back (shares are unlikely to implode excessively and will continue paying you a [bountiful dividend](#) for your patience) should we be in for phase two of the coronavirus market crash.

Unlike gold, Fortis won't rally in the face of rising volatility. But it will dampen your downside while continuing to reward you with a well-covered dividend (currently yielding 3.6%) that'll grow at a mid-single-digit rate every year.

Today, with the rush to alternative assets like gold and Bitcoin, I'd argue that Fortis is a far safer bet when you consider the bear- and bull-case scenarios. Should an effective vaccine land sooner rather than later, overpriced safe-haven assets could sell-off, and "risk-on" stocks could rally, as the pandemic is taken off the table.

What you see is what you get with Fortis. It's a highly regulated utility with a low beta (0.25 five-year beta) that will keep on trucking, regardless of what type of economy we're headed for in 2021 and beyond.

Foolish takeaway

Gold and Bitcoin may make sense to own for your portfolio if you can get into either at a reasonable price.

Given the price of admission has gone up for both alternative assets lately amid the unprecedented rise in volatility, it makes more sense to consider a high-quality bond proxy like Fortis that can help your portfolio dampen the volatility storm while continuing to reward you with consistent dividend payments over time.

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Date

2025/08/03

Date Created

2020/07/06

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