



Warren Buffett Doesn't Like Gold: Should You Buy Anyway?

Description

Warren Buffett, like any investing pro, has many opinions. He has proven his to be top notch. He has a simple, no-nonsense approach to investing. He uses his emotional intelligence as well as his smarts. Warren Buffett's net worth has grown big time because of this.

For example, he avoids greed and fear. Also, [he doesn't get swayed by herd mentality](#). Mastering these simple emotional pitfalls are key to investing success. But there's more. Warren Buffett also clearly draws upon his intelligence. He reads a lot. He thinks a lot.

This is all [part of his golden rule for investing success](#). So, when Warren Buffett has an opinion, we should pay attention. We should give it consideration. But this doesn't mean that we can't disagree.

Warren Buffett still doesn't like gold

Gold has been the safe haven that investors have flocked to since the beginning of markets. But Warren Buffett has a lot to say about gold. And it's not pretty.

Warren Buffett calls gold "a big cube of metal." It's useless. It doesn't create profits. It has no utility. But desperate times call for desperate measures. Let's assume that Mr. Buffett is right about gold. Don't you think that maybe a global pandemic situation might have different rules? These days, the pandemic has thrown everything off balance. And even though this is not obvious if we look at the TSX and NYSE stock markets, it's still true.

The amount of money that has been given away by governments is staggering. The economic toll of the pandemic has only begun. The after-effects and the after-shocks of it will be felt for years. Gold, for all its uselessness, is a good store of value. Maybe at this time, we should be happy to just preserve value. Gold is the defensive safe haven TSX trade that allows us to do this. We don't have to put everything in gold. But putting a percentage of our money in this value preserver is a good idea.

Buy this gold stock for gold exposure but also for its

operationally sound business

So, once we've decided we would like exposure to gold, what do we do? Should we buy a block of gold bullion? Well, no. I would agree with Warren Buffett on his view that this is just a useless cube of metal. He doesn't like that block of metal. But he loves a well-run company. He loves a financially sound, cash flow rich, dividend-paying company. Warren Buffett and his **Berkshire Hathaway** colleagues love a company that will grow his net worth. Don't we all, though?

So, the trick is to gain exposure to gold through a well-run gold company. And I have one to recommend. **Agnico-Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)) is a gold company that operates in politically safe areas. It's a gold company that has proven its worth. Years of strong cost reductions have taken hold. Agnico is raising its dividend, as cash flows are soaring. I'm talking a 75% dividend increase in its latest quarter. And gold prices are rising. The chaos of the pandemic has made it so.

Motley Fool: The bottom line

In closing, I would like to point out that gold stocks still have their place in investors' portfolios. I mean, the price of gold has increased almost 600% in the last 20 years. This is significant appreciation. So, at this time of crisis, buying gold stocks is a smart move. Even Warren Buffett's Berkshire Hathaway recently bought **Barrick Gold**, which trades on the TSX and the NYSE. Gold is still a safe haven as it is a reliable store of value.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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2. TSX:AEM (Agnico Eagle Mines Limited)

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