



Forget Bitcoin and Gold: Here's a Warren Buffett Stock to Buy if You Fear a Stock Market Crash

Description

Gold and Bitcoin have been [hot commodities](#) of late.

While the former asset is worthy of holding as a part of a diversified portfolio, the latter I wouldn't personally touch with a barge pole. Warren Buffett and his right-hand man Charlie Munger have nothing great to say about the speculative cryptocurrency. And I think Foolish investors should follow in their footsteps by enjoying Bitcoin's latest rally past the US\$23,000 mark safely and comfortably from the sidelines.

While [there's no telling when Bitcoin's next collapse](#) will be, I'm certainly not a fan of playing the game of greater fools (that's based on the Greater Fool theory, not us here at The Motley Fool!), which typically tends to start with euphoria, only to end in tears, as those late to take profits are left holding the bag.

Bitcoin: The gold alternative?

Some people justify their investment in Bitcoin as some sort of gold alternative. While Bitcoin and other cryptocurrencies tend to have a low correlation to the broader markets like gold, I think replacing gold with Bitcoin is a disturbing trend that may not end well for those looking beyond gold for a hedge against a potentially unchecked rise in the rate of inflation.

Indeed, the potential inflationary aftermath of the unprecedented magnitude of stimulus is yet a legitimate solid reason to invest in gold or Bitcoin. That said, I think many investors have lost track of the price they're paying for what they're receiving.

In the case of Bitcoin, which remains impossible to evaluate (although I'm sure most cryptocurrency analysts would claim otherwise), I think speculators couldn't care less about the price they'll pay, because they think they will always be somebody else that will be willing to pay more for the asset that, like gold, has a limited supply.

While gold and gold miners may be easier to evaluate, it is tough to accurately pinpoint a price target on such a commodity. There are just too many variables involved when it comes to such commodities. As such, I think it's also a bad idea to speculate on gold. However, gold can't fall to zero, as Bitcoin could in theory.

For those lacking precious metals exposure or other lowly correlated alternative assets, though, gold remains an invaluable volatility, inflation, and potential currency hedge, with a low opportunity cost in today's rock-bottom interest rate environment.

Warren Buffett-owned Barrick Gold stock looks like a wiser bet than physical gold and Bitcoin

Instead of storing physical bullion itself or betting on gold futures, I'd look to a best-in-breed gold miner like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), which is currently sitting in bear market territory.

Warren Buffett's **Berkshire Hathaway** owns shares of Barrick for a reason. It's the gold standard as far as gold miners as concerned. The incredibly efficient operator, I believe, faces more upside than physical gold, as it looks to surge past the US\$2,000 mark once again. Moreover, you won't be dinged with commissions, fees involved with secure storage, steep MERs on gold ETFs, or exorbitant premiums to NAV like the one experienced by the **Royal Canadian Mint Canadian Gold Reserves ETR**.

Foolish takeaway

With a premier management team and Warren Buffett's gold stamp of approval, Barrick remains the gold standard to hedge your portfolio against the next market crash amid today's pandemic-plagued environment.

To add a cherry on top of an already fully loaded sundae, Barrick stock has a juicy 1.6%-yielding dividend and a compelling dividend policy that's likely to see its payout increase hand in hand with the price of gold.

Barrick stock is as good as gold. Heck, I think it's better than gold (and Bitcoin).

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