



## Warren Buffett: Avoid Bitcoin!

### Description

Bitcoin is on a strong run, and its surging prices might have made it seem like a very attractive investment for many people. Many people have been looking at Bitcoin's momentum this year, and they may consider investing in the cryptocurrency so they can boost their retirement nest egg.

However, virtual currencies entail significant risks. If these assets were going to provide reliable long-term returns to grow your wealth, you would expect Warren Buffett to get in on the game. His tried and tested method of buying cheap shares in high-quality investments might be a better way to go if you are trying to create a retirement fund.

### Why Bitcoin is a bad investment

Bitcoin had a prolific run in 2020 and continues to remain strong. However, the cryptocurrency does not come without risks. His views on Bitcoin are even worse than his take on gold. The [Oracle of Omaha](#) said that Bitcoin does not do anything. It only sits there, like a seashell or something.

Additionally, he has referred to Bitcoin as rat poison. Buffett believes in good businesses and high-quality assets. To him, Bitcoin is nothing more than a token. The simplest reason why Bitcoin is a bad investment is its volatility.

Despite being an intangible asset, Bitcoin has become considerable over the years. But its extreme volatility never seems to go away. The market works entirely on speculation and investor sentiment, without anything tangible backing the virtual currency. Its value is what the market perceives it to be.

Unlike tangible assets that can hold their value, the chances of Bitcoin reducing to nothing are much greater.

### Sticking with tangible value

Sticking to more traditional investments could prove to be far better than jumping on the Bitcoin

bandwagon. If you feel inclined to invest like Warren Buffett to emulate his successful stock market investing career, virtual currencies are not a likely solution. Buffett has built his fortune over several decades by investing in high-quality companies and remaining invested in them.

A stock like the **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) could be an excellent asset to consider for this purpose. BMO is Canada's fourth-largest financial institution, and it has garnered a reputation for being an investor-centric income stock. It is the first ever Canadian company to begin paying its shareholders their dividends.

BMO has been distributing dividend payouts for almost 200 consecutive years. It is also a [Canadian Dividend Aristocrat](#) that has been increasing its payouts to investors consecutively for several years. The bank increased its yield annually by 5.39% in the last five years, ensuring increasing income that can keep pace with inflation.

## Foolish takeaway

BMO is trading for \$99.97 per share at writing, paying its shareholders at a juicy 4.25% dividend yield. The \$64.22 billion market capitalization stock can be a prolific long-term investment to consider that does not experience the extreme volatility that cryptocurrencies like Bitcoin do.

I think it would be better to avoid investing in Bitcoin and consider creating a portfolio of assets like BMO.

### CATEGORY

1. Dividend Stocks
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2. TSX:BMO (Bank Of Montreal)

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