



Warren Buffett: Forget Bitcoin, Here's How to Make Millions!

Description

Warren Buffett has never been one to get caught up in the hype of the stock market. Generally, he has made much of his fortune investing in unloved, undervalued, boring businesses. In fact, much of his investment career has been finding opportunities that were missed or forgotten by the market. On the inverse, when markets are hot and speculative, Mr. Buffett sits on the sidelines compiling cash for a future market crash.

Bitcoin doesn't pay dividends or produce anything

Perhaps that's why he has vehemently avoided (and encouraged others to avoid) popular trends like cryptocurrency and Bitcoin. Last February, he stated "Cryptocurrencies basically have no value and they don't produce anything. They don't reproduce, they can't mail you a check, they can't do anything, and what you hope is that somebody else comes along and pays you more money for them later on, but then that person's got the problem. In terms of value: zero."

In essence, when you buy [Bitcoin](#), like any bland commodity, you are only hoping that demand outweighs supply. Yet, unlike a business, you cannot estimate Bitcoin's value based on earnings/cash flows, management expertise, operational excellence, market advantages, or by the value of its balance sheet.

Frankly, his point is a good reminder for all investments, not just for cryptocurrency. If you want to speculate a portion of your portfolio on Bitcoin, by all means do so. However, be prepared for massive volatility, follow the trading intensely, and have a quick trigger finger.

If you want to build millions like Warren Buffett, your best bet is to invest the old fashioned way. First, find great publicly-traded *businesses* with strong balance sheets, thrifty/shrewd management, and consistent/growing cash flows. Second, invest in them. Third, simply be patient and wait. Sometimes an investor's best strategy is patience. Like Warren Buffett has said, "The stock market is a device for transferring money from the impatient to the patient."

This Canadian stock mirrors Berkshire Hathaway's strategy

If you are inclined toward a "tortoise versus the hare" investment strategy, then you need to consider owning **Brookfield Asset Management** (TSX:BAM-A)([NYSE:BAM](#)). If there is any Canadian company that has exemplified Warren Buffett's contrarian approach to investing, it is BAM. It is like the **Berkshire Hathaway** of alternative assets.

BAM owns and manages one of the world's largest diversified portfolios of real estate, infrastructure, renewable power, distressed debt, insurance, and private equity assets. It takes institutional capital (pension funds, financial institutions, sovereign funds), acquires assets with a bit of fuzz on them (debt distress, operational issues, or negative market bias), refinances them, and then injects capital and management expertise.

Next thing you know, they are highly attractive assets that yield massive amounts of cash flow. These assets are either held for yield or sold at large profits to lower-cost-of-capital investors.

Right now is a great time to become a BAM shareholder. With interest rates at all-time lows, BAM can refinance its assets and lock in historically high-yield spreads. Likewise, with bonds earning near zero yields, institutions are flocking to BAM to help meet their income targets. Finally, with a lot of economic uncertainty, there are still bound to be value acquisition opportunities in the next few months and years.

Make this stock count like Warren Buffett would

Combine these factors, and BAM could double its fee-bearing capital and earnings over the next five years. Today, the stock is at a valuation even Warren Buffett would love. It trades between a 20% and 25% discount to net asset value and to most analysts' price targets. Given this opportunity, I'd prefer to forget Bitcoin and grab a million dollar-making stake in [one of Canada's best businesses](#).

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