



## Bitcoin: Does Warren Buffett's Opinion Matter?

### Description

One of the hottest assets of 2020 was the controversial cryptocurrency Bitcoin. After a highly volatile year for stocks, bonds, commodities, and cryptocurrencies, Bitcoin was one of the top performers. The cryptocurrency continues to have several well-known skeptics, though. One of the most famous is Warren Buffett.

It's no secret Buffett is not a big fan of bitcoin. It's not much of a surprise either. [Buffett](#) has said before that he doesn't understand tech companies well and tries to stick to his circle of competence. That makes sense and is excellent advice for retail investors. However, for him, it hasn't worked out that well.

He is invested in **Apple** now but missed out on much of the early growth. Similarly, he missed out on major opportunities like **Amazon** and **Facebook**. Still, Buffett has produced incredible returns; however, they could have been even more spectacular. So it's no surprise that his company, **Berkshire Hathaway**, has started invest in tech companies in recent years.

Don't get me wrong, I have huge respect for Buffett. He is one of the most intelligent individuals, and he has years of experience beating the market. However, when following Buffett, it's more a nod of approval when he buys a stock, rather than a vote of no confidence when he passes on one. This is clear from all the tech stocks that have thrived without his investments.

With bitcoin, it's much of the same. Just because Warren Buffett may not want to make an investment doesn't mean you should avoid the asset altogether. Similarly, just because many other well-known investors are bullish on Bitcoin also doesn't mean you should buy the asset.

It's always important to get as many opinions as you want on a potential investment. You obviously don't have to listen or agree with every opinion, but you should never dismiss a certain opinion. It never hurts to get another perspective. Your decision will ultimately be based on all the information you've gathered.

## Reasons to buy Bitcoin

There are several reasons to buy bitcoin today. First, it's increasingly becoming a hedge against inflation. The pandemic has created a tonne of economic issues, and with currencies being devalued globally, bitcoin has thrived.

It's also become a lot more popular and easier to use. This is driving more adoption, and the increasing popularity is ultimately resulting in an increasing price.

Finally, there's the technological capabilities and innovation it's spurred. Thousands of cryptocurrencies have popped up as a result of bitcoin, each with its own unique technology looking to solve a problem. And because you need bitcoin to buy almost any other cryptocurrency, it will always have natural value.

## Reasons to avoid the cryptocurrency

You might hear that it's not worth an investment because [it's a bubble](#), or that it has no real value. In this case, investors are referring to the digital currency as only a store of wealth or a poor medium of exchange.

Further, there's significant value to all the use cases that bitcoin has listed above. Where bitcoin bears aren't wrong is when it comes to intrinsic value.

Certainly, bitcoin has value. The only question, is how much? With so much potential, though, and a lot of momentum from new investors in the space, it appears as though the value is only growing.

If you can't handle the risk, don't invest in bitcoin. Whether you can't handle the emotions, or you can't afford to risk your money, understand that it's highly volatile and decide beforehand whether it's for you.

## Top bitcoin investments

If you do decide to invest, you can buy a cryptocurrency miner such as **Bitfarms Ltd.** This is a much higher-risk way to invest in bitcoin; however, it can offer even greater upside potential.

As bitcoin is so volatile already, though, the most popular strategy will likely be to buy a fund that simply holds the cryptocurrency for you, such as **The Bitcoin Fund**.

Whichever investment you choose, though, while it has the potential to earn you incredible returns, remember it's still a long-term investment.

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