Bitcoin Too Risky for You? Invest in These 2 Dividend Stocks Instead

Description

Bitcoin is hard to ignore as an investment option in 2021, primarily if the digital asset can potentially deliver ultra-high returns. The world's most popular cryptocurrency is gaining attention again and polarizing investors. Pro-Bitcoin folks believe it's the way of the future, while others against the token say it's a scam.

Some Bitcoin fans go further by saying see it's a safeguard against inflation. The printing of more money by the U.S. Federal Reserve for emergency stimulus could weaken the U.S. dollar and cause concern. However, despite the incredible spikes, the price could quickly plunge like it did in 2008.

Bitcoin a volatile investment that isn't for the faint of heart or risk-averse investors. If you want peace of mind, invest in established dividend stocks. Besides potential capital appreciation, there are sustained income streams.

Avant-garde investment

Unlike Bitcoin, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) has no atrocious image or identity. Canada's fourth-largest bank is the mother of dividends. It was the first ever company to pay dividends. The bank has been sharing earnings with shareholders since 1829, and the practice continues in the 21 st century.

If you were to invest in BMO today, the stock price is $103.98, while the dividend offer is 4.08%. A $50,000 investment will generate $2,040 in recurring annual income. Keep reinvesting the dividends and see your capital compound to $111,254.01 in 20 years.

BMO reported strong Q1 fiscal 2021 results (quarter ended January 31, 2021). The adjusted net income of $2.03 billion was 26% higher than Q1 fiscal 2020. Its provision for credit losses (PCL) went down to $156 million from $349 million.

According to Darryl White, BMO Financial Group's CEO, the $67.26 billion bank is well positioned for the evolving environment. It has a diversified and resilient model, a strong capital position, and good momentum across all business segments.

Increasing dividends

Canadian Utilities (TSX:CU) is equally attractive for long-term investors. The diversified utility company has been increasing dividends yearly since 1972. Its dividend-growth rate (CAGR) is 9% over the last decade. The business model is low risk, given that revenue comes from regulated assets (95%) and long-term contracts.

The market capitalization stands at $8.25 billion, and **Atco** is the holding company with a 52% stake in Canadian Utilities. If you were to invest today, the share price is $30.12, while the dividend yield is a fantastic 5.84%. A $75,000 initial position will produce $4,380 in passive income.

Would-be investors can expect Canadian Utilities to create long-term value. Management will invest in regulated utility and commercially secured energy infrastructure capital growth projects this year until 2023. The $3.2 billion capital investment for the period should generate significant earnings and cash flows.

Identified risks

Bitcoin is the new kid on the block and suffers in identity because the exchange of the asset is peer to peer. No country or central bank regulates or oversees the cryptocurrency market. The lack of oversight and best practices to build wealth are the identified risks.

For now, average investors are better off investing their hard-earned money in proven methods. Dividend investing creates passive income and builds wealth. Holding shares of dividend pioneer Bank of Montreal and dividend all-star Canadian Utilities in a tax-advantaged account is highly recommended.

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2. TSX:BMO (Bank Of Montreal)
3. TSX:CU (Canadian Utilities Limited)

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