



## Forget Dogecoin: Follow Warren Buffett's Advice and Invest in These 2 TSX ETFs

### Description

Elon Musk's U-turn related to his view on Bitcoin should be an eye-opener for Dogecoin investors. Musk has repeatedly publicized the meme cryptocurrency, which has resulted in its terrific surge. In 2021, Dogecoin has risen by more than 10,000%!

### Dogecoin, Musk and Warren Buffett

But do you really think these returns will sustain in the future? Also, whom would you follow as a financial expert, Elon Musk or legendary investor Warren Buffett? Musk has been a terrific innovator. But we saw his due diligence regarding Bitcoin recently. It could be highly risky if you are placing your bets on instruments like Dogecoin just because Musk supports it.

On the other hand, Buffett has been there, preaching the power of compounding interest and the importance of long-term investing, for the last more than five decades. His disciplined investing and fundamental analysis skills have created a huge fortune for **Berkshire Hathaway** investors.

Dogecoin's price surge, fuelled by mere popularity, does not make it a sustainable fortune maker. It does not have a fundamental value and was never designed to be a payment system, unlike Bitcoin.

### Buffett has been long promoting index funds

Warren Buffett has always asserted that you need to invest in businesses that you understand. But researching and analyzing companies and their financial statements is not everyone's cup of tea. So, Warren Buffett has a solution for those types of investors: index funds.

Index funds are a basket of stocks that give exposure to the asset class at large. So, instead of picking one or two stocks of your liking, index funds represent an overall index of stocks. Index funds are relatively low risk, stable and offer diversification benefits.

As markets are trading close to all-time highs, it makes sense to invest in index funds at these levels.

## Top index funds in Canada

The investing conglomerate **Berkshire Hathaway** has invested in the **S&P 500 Composite Index** funds for long. Canadian investors can get exposure by investing in **iShares Core S&P 500 Index ETF** ([TSX:XSP](#)) (CAD hedged). It has **Apple**, **Amazon**, **Facebook** and many other blue-chip stocks as its top holdings. You will get to invest in all the top companies in S&P 500 at once with the XSP index fund.

The important advantage with index funds is investors' stock-specific risk gets significantly reduced. If one stock in the index underperforms, another one could make up for it, keeping the overall portfolio performance relatively stable.

If you want to bet on Canada's top stocks, there is a fund called **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)). It represents 60 [biggest Canadian stocks](#) that include **Shopify**, **Royal Bank of Canada**, **TD Bank**, etc. These three top stocks form approximately 20% of the XIU fund.

Index funds are generally less volatile and offer [average return prospects](#).

However, investors should note that returns of index funds are based on economic growth and corporate earnings and are not driven by popularity, as in the case of Dogecoin. And that's why they are more reliable.

### CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing
4. Personal Finance
5. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)
2. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Bank Stocks
2. Energy Stocks
3. Investing
4. Personal Finance
5. Stocks for Beginners

**Date**

2025/08/18

**Date Created**

2021/05/14

**Author**

vinitkularni20

default watermark

default watermark