Forget Bitcoin: Here Is 1 Stock to Buy Instead

Description

Cryptocurrency as an asset class exploded into the investment world in early 2017, capturing the attention of millions of investors and soaring in value. While the frenzy has cooled significantly since last year, many investors still look to cryptocurrencies as potential investment options.

Bitcoin in particular, the most recognizable name in the crypto game, is very popular among those who believe cryptocurrencies are the next big thing. Despite their potential appeal, cryptocurrencies suffer from some dangerous shortcomings, and I believe investors had better stay away.

One of the problems with cryptocurrencies

To be clear, there is much to admire about cryptocurrencies — perhaps most notably, the decentralized aspect of the technology that underlies them (blockchain). This aspect allows for possibilities that extend far and wide beyond the world of this relatively new asset class, which is obviously very pleasing. Blockchain manages and records transactions across a network of computers, and the technology has been hailed for its alleged security benefits.

While others (me included) believe these security benefits have been somewhat exaggerated, there is no denying that the technology itself already has, and will continue to have, important real-world applications, be it within the financial services industry or elsewhere.

One of the problems with cryptocurrencies, though, is that it is difficult to assess their value. Consider this: there is a considerable amount of financial and non-financial information available to investors who wish to purchase shares of publicly traded companies. Further, sophisticated tools have been developed to determine various underlying problems (or opportunities) hidden within the financial statements of a company.

Despite all of this, predicting the success or failure of companies in the stock market can be very difficult. Cryptocurrencies offer much less information investors can use to assess their value. Predicting whether such cryptocurrency will rise in the long-term often dangerously blurs the line between investing and speculating.

A more secure bet

For those looking for safer investment options, there are scores of opportunities within the financial services industry. Case in point: **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM). As one of the five largest banks in Canada, CIBC commands an important domestic market share. Indeed, the firm derives more than 80% of its revenues from Canada.

CIBC's revenues have grown by 7% over the past five years, while its net income has grown by about 10%. The firm's juicy dividend yield of 5.41% (at writing) is very enticing, and its 40% dividend increase over the past five years and payout ratio of just below 50% should bode well for those seeking long-term income.

The bottom line

Much more can be said about CIBC, and for that matter, about cryptocurrencies. But it is essential to remember the volatile nature of Bitcoin, and while stocks can be volatile too, there is much more by way of data to determine the value of shares of publicly traded companies.

The **S&P 500** has provided an average annual return of around 7% for the past few decades. Investors who do their due diligence can likely achieve an even better return. Cryptocurrencies on the other hand, have yet to prove their long-term reliability.

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