



Bitcoin: This Blockchain Tech Stock Delivered 265% Profit in 2 Months!

Description

Bitcoin is probably the most volatile asset of our generation. No other financial instrument fluctuates as wildly as the world's most well-known cryptocurrency.

Last year, the market value of a single Bitcoin tripled within the first six months then lost one-third of its value and has gained one-third of its value since the start of 2020. Even Elon Musk's car company has had a smoother ride than Bitcoin, and that's saying something.

Volatility on this scale makes Bitcoin a trader's dream and a long-term investor's nightmare. However, investors don't need to buy and hold Bitcoin directly to gain exposure to this asset class. Instead, they could place a long-term bet on a cryptocurrency mining company listed on the **Toronto Stock Exchange** that has delivered even better results.

HIVE Blockchain Technologies ([TSXV:HIVE](#)) is one of the [world's only cryptocurrency mining companies](#) listed on a major stock exchange. The Vancouver-based firm owns and manages server farms across the country that solve complex mathematical puzzles that verify transactions on the Bitcoin blockchain.

When transactions are successfully verified, the company is rewarded with freshly created Bitcoin. This process is known as "mining," and companies with the right mix of resources and sophistication can generate some phenomenal returns.

HIVE, for example, generated 586 Bitcoin in the last three months of 2019 alone, collectively worth \$7.5 million at today's market price. The firm also generated 20,649 Ethereum and 32,692 Ethereum Classic over the same period.

A portion of these freshly minted coins are sold to fund the company's operations, but the rest are held in reserve to benefit from capital gains over time. That makes HIVE an excellent proxy for the cryptocurrency sector and the rise of blockchain technology.

HIVE's stock has surged 265% since the start of 2020, as investors poured billions into the sector and cryptocurrency prices surged across the world. According to HIVE's latest filing, its digital assets were worth \$7.2 million at the end of September 2019.

Considering the fact that Ethereum and Bitcoin have surged since then, and the company has generated many more tokens in recent quarters, the digital currency reserves could be worth multiple times as much now. Meanwhile, HIVE's market capitalization is \$120 million at the time of writing. That's a fair multiple for a company with such immense growth potential.

In other words, HIVE stock is a convenient proxy for the ongoing Bitcoin boom. I believe retail investors should assign a higher valuation to cryptocurrency mining companies, because they're better regulated than the digital currencies themselves and have tangible assets (like property) that mitigate the risks for investors.

Bottom line

Bitcoin seems to be on the cusp of yet another wild bull run. The last bull run in 2017 made several early investors millionaires. This time, investors have plenty of more options to add exposure to this intriguing and often controversial technology.

My favourite option for Canadian investors is HIVE Blockchain technology, which has delivered a 265% gain in the past two months and could be poised for much more later this year. Keep an eye on it!

CATEGORY

1. Investing
2. Tech Stocks

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1. TSXV:HIVE (Hive Blockchain Technologies)

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Author
vraisinghani

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