



Bitcoin: This Billionaire Just Made a HUGE Bet on Digital Gold

Description

Hedge fund veteran Paul Tudor Jones said he's added Bitcoin to his portfolio this year. Jones' personal wealth is estimated at US\$5 billion, while his hedge fund, Tudor Investment Corporation has US\$38.4 billion in assets under management. In other words, one of the world's richest investors just made a bet on digital gold.

Here's his investment thesis.

Bitcoin is digital gold

Veteran investors recognize gold's unique characteristics. The shiny metal serves as a safe haven during economic upheavals. But the commodity is also considered a hedge against inflation. In other words, investors who believe global currencies will lose their purchasing power over time accumulate gold to protect wealth.

Paul Tudor Jones recently told *Bloomberg* that Bitcoin reminds him of gold in the 1970s. The price of gold surged from US\$35 an ounce to US\$850 by 1980 — a 2,300% boost in 10 years. Over the same period, stock prices remained mostly flat.

Jones believes that global currencies could rapidly depreciate in 2020 because governments have printed so much money to fund stimulus this year. Canada, for instance, could spend nearly C\$1 trillion to support the economy during this crisis. That's 42% of the national economy!

Jones suggested that bitcoin could surge in value as global currencies depreciate over time and that bitcoin could serve as digital gold because it's easier to store and transact than physical metal. He suggested that one of his funds had added a substantial position in bitcoin that could be worth hundreds of millions of dollars.

Canadian bitcoin stock

Despite its popularity, buying and holding Bitcoin isn't easy for everyone. Instead, I prefer betting on bitcoin mining stocks.

Hut 8 Mining Corp ([TSX:HUT](#)), for example, could serve as a [proxy for Bitcoin's market price](#).

The Toronto-based company saw its stock price jump 32.7% yesterday! Investors seem to be pleased with Jones' vote of confidence.

Hut 8 operates 94 data centres that mine (or generate) new bitcoin. Since launching, the firm has managed to mine 12,305 BTC (collectively worth \$169 million at today's price). According to its latest report, the company had digital assets (bitcoin) worth \$10.4 million on its books at the end of 2019. Those reserves could be worth a lot more now.

In fact, if the company keeps generating more bitcoin and the market value of the cryptocurrency jumps in 2020, Hut 8's book value could surge substantially. Meanwhile, the company's mining operation is profitable. Hut 8 generated \$2.1 million in net income in 2019.

Buying and holding the stock could be a convenient way for Canadian investors to ride a potential bitcoin boom this year.

Bottom line

Bitcoin seems to be poised for another stellar surge. The recent vote of confidence from Paul Tudor Jones is a massive green flag for investors. Bitcoin and cryptocurrency mining firms like Hut 8 could be part of your portfolio diversification strategy.

If Bitcoin lives up to its potential as a robust store of value, it could serve as a hedge against inflation. If it gains mainstream adoption as a digital currency, the market value could multiply remarkably quickly. For those of you who missed the bull market in 2017, this could be your ultimate chance.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HUT (Hut 8 Mining)

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