The Future Is Now: 2 Ways to Invest in Cryptocurrencies

Description

If you are anything like me, you are nervous about the market's future over the next several years. Monetary policy is running rampant at the moment. The philosophy of the day revolves around debt and low-interest rates. Stock prices are being inflated, in part at least, by central bank interference and a money explosion from monetary policy.

default watermark

Until recently, gold was the only real option when it came to fiat-currency alternatives. Its main benefit was that it was not printed by any central government and had intrinsic value. Fortunately, there are now other non-governmental currencies that investors can employ.

Enter cryptocurrencies

Cryptocurrencies are appealing if you think they will gain more acceptance in the future. It is highly likely that these alternative monies will be used to a greater degree should there be significant economic fallout. The extreme levels of monetary policy being employed today could be the catalyst that drives the public into cryptocurrencies.

The problem is, though, that there are a huge number of cryptocurrencies to buy at the moment. While bitcoin is certainly the best-known currency, there are also relatively well-known ones like Ethereum and Litecoin.

Each coin has its unique advantages and disadvantages, which leads to people favouring certain coins over another. It can be difficult to choose out of all the possible options.

A simple solution

Fortunately for fiat currency investors, there's a simple way to gain access to cryptocurrencies while still operating safely within the fiat currency world. Some equities give you exposure to the sector. It is similar to buying a gold miner or gold ETF without owning actual, physical gold.

Two options

Two excellent options have radically different risk profiles. The first option is to buy shares in an individual company such as **HIVE Blockchain Technologies Inc**. (TSX:HIVE). You have to realize that this is a very new organization on the vanguard of an emerging industry. The company is involved in mining cryptocurrencies. Much of its income therefore comes from the coins it mines.

I won't put my life savings into this company by any stretch, as it's a bit of a speculative bet. The company lost a fair amount of money year over year in its Q3 2020 results, which certainly isn't an encouraging sign.

The company is an interesting way to play the emergence of crypto, though, as a mainstream currency alternative. It is a more focused way of focusing on cryptocurrencies as opposed to a general view on blockchain as a technology.

A less risky option is to buy an ETF focused on blockchain. The **Horizons Blockchain Technology & Hardware ETF** (TSX:BKCH) is one way to play the space that is not solely focused on cryptocurrencies. It is a general blockchain ETF that has some very large companies in the mix.

One great aspect of this strategy is that the ETF holds a diversified and large number of holdings. The only downside is that they are primarily focused on two regions, The United States and Taiwan. The ETF is more expensive than many general index ETFs with a management expense ratio of 0.71%.

default watermark

The bottom line

It's important to have at least some holdings in cryptocurrencies at this point. Of the two stocks, HIVE best meets the needs of a cryptocurrency proxy. This is what I own, albeit as a very small and speculative holding. There could a huge return from this stock or big losses.

If you want a general, more diversified, and safer way to play the space, buy the ETF instead. Either way, these are effective ways to invest in this technology.

CATEGORY

1. Tech Stocks

TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Tech Stocks

Date
2025/08/14
Date Created
2020/05/15
Author
krisknutson

default watermark

default watermark