



High-Risk Investors: This Bitcoin ETF May Provide You With Exponential Gains!

Description

Cryptocurrencies such as bitcoin have provided investors an opportunity to get filthy rich. For example, a \$10 [investment in bitcoin](#) back in 2010 would have been worth a staggering \$1.6 million today. While the flagship digital currency has generated mind-boggling returns there is also a chance that investors may lose all their money.

Is investing in bitcoin safe?

There are several risks associated with investing in bitcoin. Cryptocurrency exchanges have been vulnerable to several hacking incidents over the years and the security breaches have led to sizeable losses. As cryptocurrency is an unregulated industry there is scope for price manipulation by large investors as well.

Bitcoin and peer cryptocurrency instruments are highly volatile and have experienced a decline of close to 90% on multiple occasions in the past.

The bull case for cryptocurrencies

According to [a report from Fool.com](#), "Bitcoin's fundamental premise has been that decentralized digital currency offers advantages over government-issued fiat currencies for those seeking to preserve value. Bitcoin owners don't have to worry about the actions of central banks or regulators and their potential impact on its value in comparison to other forms of money."

Bitcoin is said to be an alternate option to traditional fiat currencies and should ideally thrive when there are global uncertainties. The current year has been volatile and impacted multiple global economies as well as raised questions over the efficacy of the monetary systems.

The unemployment rates have soared which has led to billions of dollars paid via federal benefits. These quantitative easing measures may also weaken the U.S. dollar. Further, this year has also seen an increase in the adoption of bitcoin and other crypto-assets.

Digital payments company **PayPal** is now allowing users to buy and sell cryptocurrencies such as bitcoin, Ethereum, bitcoin cash, and Litecoin on its platform.

This has driven an impressive rally in the price of bitcoin which is now trading around \$18,000 and has more than doubled year-to-date.

Bitcoin can be bought on the TSX

A Canadian company called 3iQ that operates out of Toronto is offering a product that can be traded on the **TSX** with bitcoin as the underlying asset. The fund is called **The Bitcoin Fund** ([TSX:QBTC.U](#)) and its sole holding is Bitcoin as the ETF aims to track the price movements of this asset.

Investors need to understand that the fund is not cheap and has a management fee of 1.95%. Further, 3iQ warned investors and said the Bitcoin Fund is “appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.”

The Bitcoin Fund has a market cap of \$178 million and was listed on the TSX in April 2020. It's trading at a price of \$21.23 which is 93% higher than the price of \$11 per unit on April 9, 2020.

Bitcoin continues to remain a high-risk high-return investment. It is not advisable to allocate a substantial portion of your life savings to this highly volatile asset.

CATEGORY

1. Investing

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1. TSX:QBTC (The Bitcoin Fund)

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