



## Which Bitcoin Fund Should You Buy?

### Description

[Bitcoin is on another bull run](#) right now. The price has jumped 26% in just the past week. Now, a single token trades at US\$22,500, or CA\$28,766. Some experts believe the price could jump far higher in the year ahead. Fortunately for Canadian investors, there are two Bitcoin exchange-traded funds on the market that offer easy access.

If the world's most popular cryptocurrency is on your radar, here's what you need to know about these funds.

### Why is Bitcoin surging?

Put simply, Bitcoin is skyrocketing, because there's limited supply and growing demand. There can only ever be 21 million Bitcoin in existence. 18.5 million have already been mined and are held tightly by early investors. About a million or more have been lost forever accidentally.

Meanwhile, major technology companies and hedge fund managers have started buying the digital asset this year. Payments giant **Square** integrated the digital currency on the platform, which means millions of retail investors can easily buy Bitcoin directly.

Hedge fund managers like Paul Tudor Jones and Stanley Druckenmiller have added BTC to their portfolio. Scott Minerd of Guggenheim Investments — one of the largest asset managers in the world — said his team estimates the price of a single Bitcoin could reach US\$400,000 (CA\$508,000) at some point.

The culmination of these supply and demand factors are driving BTC higher in 2020 and probably 2021. For Canadian investors, there are two exchange-traded funds (ETFs) that offer indirect access to this space.

### Which Bitcoin fund is best?

The **Bitcoin Fund** ([TSX:QBTC](#)) has been public for a while. It's managed by digital asset management firm 3iQ Corp. The ETF is up 155% since it listed.

Each unit of the fund represents 0.001116 BTC. Of course, as the value of Bitcoin rises higher, so will QBTC. However, investors should also prepare to pay 1.95% of their investments in annual management fees. This fee is relatively higher than traditional ETFs.

A comparatively cheaper fund is the newly listed **CI Galaxy Bitcoin Fund**. Management fees on this fund are 1.80%, which is lower than QBTC but still pretty high. Another difference is the way the fund's assets are calculated. Instead of representing a fixed number of BTC, the Galaxy Bitcoin Fund simply follows the price change in BTC since it was launched on December 4.

So, the fund was launched at US\$10 per unit on December 4. The price of Bitcoin is up 30% since then, which is why the unit now trades at roughly US\$13. If the price of Bitcoin doubles by next year, the unit price will double too.

Finally, the Galaxy Bitcoin Fund is backed by more well-established companies than QBTC. **CI Global Asset Management** is a mainstream Toronto-based investment manager with several other ETFs and over \$195 billion in assets under management. That makes it relatively more recognized or secure than QBTC's 3iQ.

At the end of the day, both ETFs offer exposure to the same asset. So, my choice would be the cheaper fund with better branding: CI Galaxy Bitcoin Fund.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. TSX:QBTC (The Bitcoin Fund)

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