



ALERT: How Canadians Can Stash Bitcoin in Their TFSA!

Description

Bitcoin and its cryptocurrency peers were thrust into the public spotlight during its 2017 bull run. This ground to a halt in early 2018, and digital currencies spent the new two years fighting volatility and international regulatory bodies. Bitcoin has roared back into relevance over the past few months. Today, I want to discuss how Canadians can invest in this red-hot digital currency in their Tax-Free Savings Account (TFSA).

Why Canadians are excited about bitcoin right now

The price of bitcoin retreated to US\$30,000 after soaring above the \$33,000 mark over the weekend at the time of this writing. This acceleration is staggering considering [bitcoin's previous record high](#) of roughly \$20,000 coming into 2020. Naturally, this has attracted worldwide attention. There is justifiable caution regarding this volatile asset, but many Canadians also want to know how to invest in bitcoin themselves.

Canadians have fallen in love with the TFSA since its inception due to its ability to generate tax-free capital growth and income. However, many investors may have dismissed bitcoin and cryptocurrencies as esoteric. Fortunately, TFSA investors can now track the performance of bitcoin in their TFSA, which means they have a chance to gobble up those mouth-watering gains without paying any capital gains.

How to invest in the top digital currency in your TFSA

The **Bitcoin Fund** ([TSX:QBTC.U](#)) launched on April 9, 2020. It invests in the digital currency bitcoin. In the prospectus, the fund warns potential buyers of the volatility of bitcoin. Canadians who desperately want to jump in on the top digital currency should be prepared to take a loss as they chase these phenomenal gains.

At its inception, the ETF was worth \$9.23 per share. The Bitcoin Fund closed at \$37.68 as of close on December 31. That means the fund has climbed over 400% since its launch. It should come as no surprise that TFSA investors are intrigued by this growth.

Just as [gold miners](#) flourish when the spot price of the yellow metal increases, there are equities that Canadians should target when bitcoin goes on a run.

Two more crypto-related stocks to snag instead of bitcoin

HIVE Blockchain Technologies ([TSXV:HIVE](#)) is a cryptocurrency mining company that operates in Canada, Sweden, and Iceland. Shares of HIVE Blockchain soared to an all-time high during bitcoin's record-setting bull run in 2017. Its stock climbed over 2,400% in 2020. That is not too shabby, especially if you'd stashed HIVE in your TFSA.

Equities like HIVE Blockchain will be highly susceptible to fluctuations in bitcoin's price. It traded as a penny stock for most of its post-2017 run before getting back into dollar values in the final two months of 2020. This is an exciting time for bitcoin and equities like HIVE, but Canadians need to exercise caution and be aware of the risks.

Hut 8 Mining ([TSX:HUT](#)) is another crypto-related stock for TFSA investors to consider in the New Year. Its shares climbed 256% in the final three months of 2020. Hut 8 is another cryptocurrency mining firm that operates in Canada.

Its balance sheet is a little shakier than HIVE Blockchain, which means investors need to be even more cautious. Canadians who are looking to diversify their crypto holdings beyond bitcoin should consider these two miners to kick off the month of January.

CATEGORY

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2. TSX:QBTC (The Bitcoin Fund)
3. TSXV:HIVE (Hive Blockchain Technologies)

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