



## Is Bitcoin the New Gold?

### Description

Ever since the coronavirus hit last year, economies all around the world have suffered. In North America, tonnes of stimulus has been added to the economy. Moreover, interest rates in Canada and the United States will likely be low for a long time. This has sparked a massive rally in alternative assets like Bitcoin, leaving many people wondering if it's a bubble or legitimate investment.

Over the last year, assets that investors can use to hedge against inflation, such as gold and silver, have seen significant increases.

In 2020, both gold and silver finished the year with a gain of 25% and 48%, respectively. These are incredible one-year returns for each of the precious metals and have undoubtedly been sparked by the significant devaluing of fiat currencies.

However, despite gold and silver with impressive returns relative to their historical performances, Bitcoin smashed these assets out of the water with a more than 300% return.

With the incredible returns of Bitcoin lately and the continuous increase in interest from investors, it may be time to start considering holding a small amount of Bitcoin in your portfolio.

## Should you consider holding Bitcoin like gold?

In the last two months especially, Bitcoin has been on a meteoric rise. However, after the incredible rally, the price has generally held steady even after pulling back from its new all-time high.

This makes it increasingly look like investors see value in Bitcoin. That value should only increase, especially with so much stimulus in the past year, and more expected.

Joe Biden has said on several occasions that massive stimulus would be needed. Janet Yellen, his nominee for Treasury Secretary and former Chair of the Federal Reserve, has also said that this crisis requires a big stimulus bill to get the economy back on its feet and that you can't worry about the current deficit at the moment.

That's understandable from the government's point of view. However, you can't fault investors either for looking for assets they think can hold wealth.

So with Bitcoin holding steady the last few weeks, after the insane rally at the end of December and early January, the argument for it being a bubble is increasingly looking like it's being disputed.

## A top Bitcoin stock to consider

Given the uncertainty in the economy these days and the need to diversify from equities, many investors are increasingly considering Bitcoin as an alternative.

Bitcoin still has a tonne of volatility, though, so it's crucial to tread carefully. But it might not hurt to put a small percentage of your portfolio in Bitcoin for the long term. This would be similar to how many investors [buy gold](#) to hold for the long run. If that's an idea you may want to consider, there are two avenues you can go down.

First, you can buy a Bitcoin [miner](#), which is similar in many ways to a gold miner. These stocks will almost always see higher gains when the price of Bitcoin is rising. Unfortunately, though, they can underperform significantly when the price is flat for a while or down.

Miners are much riskier than buying the coin, which is already a considerably risky proposition in the first place. That's why most investors will elect to gain exposure directly to the coin with a stock like **The Bitcoin Fund**.

## Bottom line

The coronavirus pandemic has been devastating for economies all over the world. There's so much stimulus needed and natural inflationary pressures in markets. So diversifying your investments and owning a little Bitcoin could be an even better long-term asset than gold.

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