



Will Bitcoin Funds Be the Best Stocks to Buy for 2021?

Description

2020 was a year of opportunities, with several **TSX** stocks earning major returns for investors. However, Bitcoin had one of the biggest gains of all in 2020, finishing the year up 300%.

And while the most popular cryptocurrency has seemed to slow down recently, it's still up 24% year to date.

There are a variety of reasons why Bitcoin has been rallying so much lately. The most important, of course, is Bitcoin's popularity.

Bitcoin popularity is rapidly increasing

Over the years, more and more investors have slowly joined the Bitcoin bandwagon. The cryptocurrency continues to be highly controversial today. However, many of the biggest proponents of Bitcoin today are revolutionary thinkers and former skeptics.

Elon Musk has recently changed his tone on the digital coin. However, one of the biggest cases of investors who was jumped on the bandwagon is Michael Saylor.

He used his company's cash to purchase a massive block of Bitcoin in the summer of 2020. He then took out another \$650 million in debt to buy even more, bringing his total book value to \$1.1 billion. Today, less than a year after his company's initial investment, the Bitcoin has a market value of roughly \$2.5 billion.

Furthermore, some other notable financial giants that have recently joined the Bitcoin movement are **PayPal** and **Square**. The massive adoption by both individuals and companies creates a snowball effect, giving the cryptocurrency industry even more momentum. Moreover, it's also making it a lot easier to gain exposure.

So, although millions of investors worldwide have hopped on the Bitcoin bandwagon because of inflationary concerns caused by the pandemic, millions more are interested in the technology created

by the cryptocurrency industry.

The cryptocurrency trend is growing

One of the first and most important bullish arguments for Bitcoin is the innovation it has spurred with cryptocurrency and blockchain. That has caused cryptocurrency projects to skyrocket as a result while in search of improving the technology.

This popularity among other digital currencies is still a catalyst for Bitcoin, though. It's the major trading pair, so often, if you want to buy any smaller up-and-coming cryptocurrencies, investors need to hold Bitcoin first.

Plus, it's not just the technology. The use case of Bitcoin and other digital currencies is growing daily.

As much as investors in developed countries buy it to [avoid inflation](#), users in underdeveloped countries often rely on Bitcoin and other cryptocurrencies to avoid their own collapsing local currencies. The pandemic has only exasperated that, which is why it's not surprising to see the industry rally so much this year.

The best Canadian Bitcoin investment

All of these catalysts put Bitcoin in a prime position for more growth in 2021 and beyond. So, although it makes headlines for some of the fast-paced growth it provides in the short term, that's the nature of highly volatile assets. You'll just as often see rapid dips in the price. The key is committing to Bitcoin for the long-term, because, over the next decade, the sky is the limit.

The best and most risk-free way to invest in Bitcoin today is through vehicles like **The Bitcoin Fund** ([TSX:QBTC.U](#)). The fund is a super simple way of buying the cryptocurrency, plus you can do it in your registered investing accounts.

Each unit of the fund is worth roughly 0.0011 BTC. So, all you have to do is buy the units and hold them for the long term. This is a lot lower risk than buying a cryptocurrency miner and worrying about the business's execution risk.

Since its launch, The Bitcoin Fund has been very popular, often [trading at a premium to its net asset value](#). So, if you're interested in buying the fund, I would advise investors to watch the price of both the cryptocurrency and the units. This way, you can minimize the premium you're paying for it.

Bottom line

There will certainly be many high-quality opportunities for investors in 2021. Several growth stocks offer investors incredible potential, both in the short and long term.

Bitcoin, though, has a strong possibility of being one of the top performers again. That's why I'd recommend every investor have at least a small portion of their portfolio in this revolutionary asset.

CATEGORY

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2. Tech Stocks

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