



Tesla (NASDAQ:TSLA) Bets on Bitcoin: Should You?

Description

The world's most valuable carmaker has added the world's most popular cryptocurrency to its balance sheet today. **Tesla** ([NASDAQ:TSLA](#)) has declared a purchase of Bitcoin worth US\$1.5 billion (C\$1.9 billion). This vote-of-confidence from Elon Musk is perhaps the most potent indication that Bitcoin is now a mainstream asset class.

If you've been watching Tesla stock or Bitcoin over the past year and want to know if this is a good time to add exposure, here's what you need to know.

Bitcoin's ascension

Six years ago, buying or holding Bitcoin was notoriously complicated. The industry was very nascent and finding trustworthy exchanges to trade or wallets to hold the cryptocurrency was difficult.

Now, things have changed. The world's most well-established financial and technology companies have adopted Bitcoin. Over the past year alone, U.S. payment giants such as **PayPal** added Bitcoin to their platform. Institutional investors and hedge fund managers added it to their portfolio. Even Wealthsimple now offers direct access to Bitcoin and Ethereum.

However, Tesla's entry into this arena is still a game-changer. Elon Musk has established a reputation as a visionary tech leader with not one but two mega-successful tech companies under his belt. Tesla itself is now worth US\$800 billion, making it one of the most valuable companies on the planet.

While US\$1.5 billion isn't a big part of Tesla's balance sheet, it's the largest sum any corporation has invested into BTC. That's what makes this news so noteworthy.

Bitcoin's future

Today's news has pushed the price of BTC to an all-time high. Each digital token now trades at over \$56,000. Since there can only ever be 21 million Bitcoin, we can calculate the total market value of Bitcoin in aggregate: US\$650 billion or C\$830 billion.

Experts believe Bitcoin could replace gold as a store of value in the near future. The combined value of all the gold in the world is roughly US\$10 trillion. If Bitcoin captures even *half* of that market, the token could have 670% upside left.

Adding Bitcoin to your portfolio

As mentioned, buying and holding Bitcoin directly is now easier than ever. However, there are also listed Bitcoin mining companies that offer the same exposure with some advantages.

HIVE Blockchain ([TSXV:HIVE](#)), for instance, is a Bitcoin mining company with operations spread across the world. The firm's server farms solve complex mathematical problems to secure the Bitcoin network. Their efforts are rewarded with newly generated BTC, which the company holds in reserves.

As BTC's market value appreciates, HIVE stock surges too. Over the past 11 months, the stock has delivered an astounding 1,650% return. That's better than BTC itself! Furthermore, because this is a listed corporation, it qualifies for your tax-free savings account (TFSA).

In short, HIVE and other listed BTC entities could be part of your TFSA as the price continues to escalate.

Bottom line

Tesla adding BTC to its balance sheet is a big deal. The cryptocurrency is now a bonafide asset class for investors. Consider adding a little exposure either directly or indirectly.

CATEGORY

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2. Tech Stocks

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1. TSXV:HIVE (Hive Blockchain Technologies)

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