



Bitcoin Crosses \$60,000 as Investors Continue to Jump on the Bandwagon!

Description

Once again, Bitcoin is in the news this week. Earlier this year, the cryptocurrency crossed \$50,000 Canadian for the first time ever. While it subsequently sold off about 10%, it's held steady over the few weeks that followed.

Then, last Friday, it quietly crossed \$50,000 again. And yesterday morning, it was announced that Elon Musk's company **Tesla** would buy US\$1.5 billion worth of Bitcoin. Not only that, but the electric car maker announced it would also start accepting the digital currency as a payment.

This is not only a big deal, because it's yet another example of the cryptocurrency being more broadly accepted. It's also notable because it's [Elon Musk](#), who, for a long time, was resistant to Bitcoin.

As of Tuesday morning, Bitcoin was trading just under \$60,000. That gives the cryptocurrency a 55% return so far year to date after the 300% gain in 2020.

Bitcoin: Is it the real deal?

Each day that goes by, it seems that Bitcoin's popularity only continues to grow. Whether it's retail or well-known investors, companies adding Bitcoin capabilities, or those around the world using the digital currency rather than their local currency, Bitcoin's popularity and correspondingly price continues to grow.

Because it's so new and revolutionary, though, many argue about [how to value it](#). So, although the broader consensus is bullish on Bitcoin, there is still inherent risk investing in such a new concept.

Although these days it's hard to pass on a high-potential Bitcoin investment, due to its high risk and volatile nature, it should remain only a small portion of your portfolio.

With that in mind, here are three ways Canadian investors can gain exposure to Bitcoin.

How Canadians can invest in Bitcoin

Before you can decide which cryptocurrency stock you want to buy, you have to decide what type of investment it will be.

The riskiest investment will be in cryptocurrency mining companies like **Bitfarms** (TSXV:BITF). Mining companies can give investors leverage to Bitcoin. However, mining companies can also underperform during periods of low or flat price growth in the coin.

Furthermore, Bitcoin mining is extremely competitive. This makes it crucial that these mining companies are continuously improving their computing power, which is why it's so difficult and expensive to mine Bitcoin.

The growth potential of miners is highly evident, though, with Bitfarms up 550% in just the last three months.

Another miner you could buy, but one that's less risky, in my opinion, is **Hive Blockchain Technologies** ([TSXV:HIVE](#)). Hive is a company much like Bitfarms. The only difference is that in addition to mining Bitcoin, the company also mines Ethereum.

Ethereum is much less competitive to mine. Plus, the natural diversification helps to reduce Hive's risk. Many in the crypto industry have said that Ethereum presents significant potential with its network capable of running decentralized applications and smart contracts.

So, having a company that mines both cryptocurrencies may be a good way to reduce risk.

Then lastly, rather than miners, you could always consider **The Bitcoin Fund** ([TSX:QBTC.U](#)). The fund allows investors to invest solely in the price of Bitcoin. This means there is no execution risk you have to worry about from any company. You simply buy the funds of the unit, and the managers take care of the rest.

This is one of the best and most popular ways investors will want to gain exposure. Cryptocurrency is already highly volatile, so many investors will elect for The Bitcoin Fund to minimize the volatility from the industry.

So, with a management expense ratio of just 2% and an asset that's up already 55% year to date, adding a small position in The Bitcoin Fund seems like a no-brainer.

Bottom line

Bitcoin continues to increase in popularity, as more businesses and investors turn to the digital coin. Companies like Tesla electing to invest cash in the digital currency are a clear sign that businesses believe in the cryptocurrency long term.

These companies can make tonnes of different investments with their cash. So, the fact they elect to gain some exposure to Bitcoin shows just how much confidence the broader market has in Bitcoin long term.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. TSX:QBTC (The Bitcoin Fund)
3. TSXV:HIVE (Hive Blockchain Technologies)

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