



1st Bitcoin ETF in North America: Should You Buy it?

Description

Canada beat the U.S. to the draw regarding the launch of the first Bitcoin Exchange Traded Fund (ETF) in North America. Purpose Investments Inc. confirmed that Canadian securities regulators had given **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) the green light. The fund will enable investors to gain exposure to [the world's largest cryptocurrency](#).

Purpose Bitcoin ETF will be the first investment vehicle for Bitcoin with an official label and an ETF. Based on Bloomberg's data compilations, there are four active filings for a Bitcoin ETF in Canada awaiting regulators' approval. With its market debut on February 18, 2021, should investors invest in the bitcoin ETF before it sizzles?

Efficient, affordable way for crypto investors

Purpose Investments, with more than \$10 billion in assets under management, is the fund manager of the new ETF. The company believes Purpose Bitcoin ETF represents the simplest, most efficient and most affordable way for investors to gain direct digital currency exposure. It also offers the convenience of registered account eligibility and charges a minimal management fee of 1% per year.

Elegant structure

Purpose Bitcoin ETF will invest directly, not in derivatives but physically-settled Bitcoin. The investing approach allows investors easy and efficient access to the emerging asset class of cryptocurrency, eliminating the associated risk of self-custody within a digital wallet.

Like gold or silver-backed products, physically settled Bitcoin directly backs the ETF. Furthermore, the ETF aims to accurately reflect the price of Bitcoin and not at pronounced premiums or discounts to net asset value (NAV), which you see with existing closed-end bitcoin funds currently trading in the market.

Som Seif, Founder and CEO of Purpose Investments, said the ETF is an innovative offering to investors because Bitcoin is now easier than ever. The company believes the first and largest asset in

the cryptocurrency space can continue its growth trajectory and adoption as an alternative asset.

Hot bitcoin miner

The trading volume for Purpose Bitcoin ETF was 9.6 million shares on its market debut, while the price was \$10.08. Meanwhile, **Hut 8 Mining** ([TSX:HUT](#)) shares jumped 16.3% to \$10.79 a day after the launch of North America's first bitcoin ETF.

The \$1.21 billion cryptocurrency mining company from Toronto, Canada is the [alternative for investors](#) who prefer individual stocks over ETFs. Hut 8 is on a tear in 2021, with its 209.2% year-to-date gain. One year ago, the stock price was only \$1.41. As of February 16, 2021, Hut 8's 3,012 bitcoin balance is worth \$186 million. On the same day, the trading volume was 5.1 million shares, the highest since the 15 million shares record on January 11, 2021.

Hut 8 holds more self-mined bitcoin than any other publicly-traded bitcoin miner globally. The bitcoin mining operations of Hut 8 are industrial scale. Currently, it owns and operates data centers in Alberta. Canada's oldest and largest bitcoin miners expects to create shareholder value through low production costs and bitcoin inventory appreciation.

Encouraging market debut

The trading volume of the bitcoin ETF's market debut was encouraging. It was well above an ETF's typical first day in Canada, according to Bloomberg Intelligence analyst James Seyffart. However, time will tell whether the Purpose Bitcoin ETF and crypto stocks like Hut 8 Mining will attract hordes of investors.

CATEGORY

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1. TSX:HUT (Hut 8 Mining)

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