



5 Ways to Passively Invest in Bitcoin

Description

The cryptocurrency space has taken the investment world by storm. The prices of Bitcoin and other digital currencies have been on an absolute tear in the last 12 months. Bitcoin has gained close to 435% since February 2020 and has been a solid wealth creator for long-term investors.

Investors looking to gain exposure to the crypto space can take a look at the below ways to invest in Bitcoin without directly buying the asset itself.

Grayscale Bitcoin Trust

The **Grayscale Bitcoin Trust** is the first publicly quoted Bitcoin investment vehicle that has also attained the status of an SEC reporting company. This trust passively invests in Bitcoin which shields investors from the challenges of buying and storing bitcoin directly.

With US\$32.8 billion in assets under management, the Grayscale Bitcoin Trust charges an annual fee of 2%.

Purpose Bitcoin ETF

Earlier this month, the first Bitcoin exchange-traded fund (ETF) was launched in North America. The **Purpose Bitcoin ETF** ([TSX:BTCC.B](https://www.bloomberg.com/quote/TSX:BTCC.B)) has been given the green light by Canadian regulators to launch the fund that enables investors to gain exposure to the largest digital currency in the world.

Purpose Investments [a fund manager with](#) \$10 billion in AUM has launched the ETF. According to its prospectus, the Bitcoin ETF is the simplest and most efficient way for investors to gain access to the world's most popular digital currency.

The Purpose Bitcoin ETF has a management fee of 1% per year and it will invest directly in physically-settled Bitcoin. This eliminates the risk associated with a digital wallet.

Mining stocks

Another way to get exposure to Bitcoin and other crypto-currencies is by investing in mining companies such as **Bit Digital**, **Riot Blockchain**, and **Marathon Patent Group**. These publicly listed stocks mine digital currencies and benefit from rising crypto prices.

The stock prices of crypto mining companies are closely related to that of Bitcoin and other major cryptocurrencies.

Investing in companies that own Bitcoin

Another way to passively invest in the crypto space is by holding stocks of companies that have bought Bitcoin. Recently, companies such as **Tesla**, **Square**, and **MicroStrategy** have held Bitcoin worth millions of dollars on their balance sheet.

Buy into a crypto lending house like Nexo

Nexo was founded back in 2017 and is considered a huge player in crypto-collateralized loans. Its platform is one of the first projects of its kind with lines of credit for large holders of crypto.

Nexo has over a million clients and manages assets totaling US\$4 billion. It has two core products that are credit lines and earn interest income. The credit lines are secured against crypto collateral which is put up by the borrower and it eliminates the need for credit checks.

According to Nexo, "The credit line is all controlled through deployment of blockchain smart contracts that execute instantaneously and, unlike traditional loans, is highly flexible." The interest rates on credit lines may be between 5.9% and 11.9%.

On Nexo's [earn income product](#), clients can deposit fiat or crypto assets and earn interest between 8% and 12%. Users of the platform can earn greater rewards through its loyalty program by keeping a minimum portion of their portfolio in NEXO tokens. The token itself has seen an ROI of 700% in the past three months.

CATEGORY

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1. TSX:BTCC.B (Purpose Bitcoin ETF)

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