



Should You Buy Canada's 1st Bitcoin ETF?

Description

Canada's first Bitcoin ETF has been in high demand, with investors piling in to get some crypto exposure without having to go through the tedious process of setting up a wallet. There's never been an easier or more convenient way to bet on Bitcoin as numerous established firms continue embracing (and investing) in the alternative asset. With Bitcoin prices fluctuating wildly above and below the US\$50,000 mark, though, I remain skeptical of cryptocurrencies and their use as a practical means of transaction.

If you're a follower of Bitcoin and cryptocurrencies, you'll know that they have a propensity to [crumble like a paper bag](#) without a moment's notice. As you'd imagine, the soaring asset has likely enticed many speculators and gamblers to get into the cryptocurrency to make a quick buck. They can't tell you what Bitcoin is, and many may have no idea how the blockchain works. If there's an opportunity to get rich quickly, they'll scratch their ticket, whether it be marijuana, Dogecoin, a crypto miner, or an iced tea company with the keyword "blockchain" in its name.

Charlie Munger isn't buying — should you?

Charlie Munger has had strong negative words for Bitcoin in the past. He's not a buyer for the speculative asset, and he probably never will be. Regardless, many Canadians are more than willing to following in the footsteps of tech-savvier gurus like Elon Musk or Jack Dorsey. While both men are geniuses, I'm not so sure their votes of confidence can keep Bitcoin or other bid-up cryptocurrencies from imploding once again, as they have many times in the past.

Over the next year, I suspect more firms will be willing to accept Bitcoin as a means of transaction. And more big names in the financial world are going to more willing to bet on the cryptocurrency as a diversifier. Stocks have become wildly volatile, and inflation fears could easily propel Bitcoin above the US\$100,000 mark in 2021. That said, I wouldn't look to jump on the Bitcoin bandwagon, even if you're a true believer that it's the future.

Purpose Bitcoin ETF lands, and it's been a hot commodity!

The **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) makes it ridiculously easy to gain some Bitcoin exposure. If you can buy stocks on the **TSX Index**, you can buy Bitcoin. But just because you can does not mean you should. The Purpose ETF is very liquid, making it a great option for those keen on speculating on the cryptocurrency.

Over the coming weeks and months, more Bitcoin ETFs will pop up from left, right, and centre. And the competition for your assets investment dollars could really pick up. Regardless, I'd advise you to resist the temptation to place bets on Bitcoin or any one of its ETFs unless you see yourself buying more tokens if prices were to lose over 90% of their value.

Many strong hands are hanging onto cryptocurrencies, but at these heights, I'd argue that there are far more weak hands that'll be gone once the next negative catalyst arrives. Ex Fed chair and current U.S. Treasury Secretary Janet Yellen has caused pressure on Bitcoin prices in the past, and I think she could spark the next plunge as soon as this year.

So, should you buy Canada's first Bitcoin ETF?

I wouldn't, but if you're looking to diversify with less than 5% of your assets, I think Purpose's ETF is a great way to expose yourself to the world of crypto. Just mind the [volatility](#).

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