



## What Is an NFT and How Are They Making People Millionaires?

### Description

A non-fungible token, or NFT, is a revolutionary new concept built on the same technology that powers Bitcoin. Early adopters in the tech and art space have already adopted this technology to generate unbelievable amounts of money online. In fact, the most valuable NFT recently helped an artist sell his work for US\$69 million (CA\$86 million).

Investors looking for the next big thing at the cutting edge of digital technologies need to take a closer look here. Here's an overview of what an NFT is, how it's being used by corporations already, and how you could potentially bet on its future through stocks listed in Canada.

### What is an NFT?

While the term *non-fungible token* sounds complicated, [an NFT](#) is a fundamentally simple concept. It's a digital collectible. NFTs are easy-to-create pieces of digital content that live on a blockchain. In other words, you can sell a book, a piece of music, or digital artwork the way you could sell Bitcoin on the blockchain.

Jack Dorsey, for example, recently sold his first Tweet via NFT for US\$2.5 million (CA\$3.2 million). Elon Musk is selling a song via NFT this week. Mike Winkelmann (aka Beeple), a graphic designer from Charleston, South Carolina, sold a piece of digital art for a record-breaking US\$69 million (CA\$86 million).

People are paying these seemingly insane amounts for digital tokens that could be the digital equivalent of the artist's signature. These digital signatures have worth, just as a signed copy of *Harry Potter* is worth more as a collectors' item when it's signed by J.K. Rowling herself.

It's too early to tell if this technology will go mainstream. It's also too early to tell if there's any gaps or ways to abuse the system. All we know so far is that companies like the National Basketball Association (NBA) have already used it to offer collectible "moments" from their recent games and the platform seems to be a success.

Fortunately, there's a way for you to bet on the future of NFTs without buying an NFT yourself.

## How to bet on NFT technology

The blockchain that powers NFTs is already battle tested. All NFTs are created on the Ethereum network, which is the second-largest crypto network behind Bitcoin. Ethereum was first created in 2015 and has since cemented its position as the best platform for developers and investors trying to create rare digital items.

The collective value of all Ethereum is now US\$205 billion (CA\$255 billion). The value of each token has surged 1,512% over the past year. If concepts like NFT become more mainstream, the network could be much more valuable.

Fortunately, Canadian investors can bet on Ethereum directly via platforms like Wealthsimple. They can also invest in **The Ether Fund** (TSX:QETH.U), a listed security that tracks the value of Ethereum. Each unit of the fund represents 0.01766634 ETH tokens. As the market value of ETH appreciates, this fund should surge alongside it.

The Ether Fund also qualifies for tax-exempt investment accounts. This means you can add it to your Tax-Free Savings Account or Registered Retirement Savings Plan. If the Ethereum network becomes as valuable as Bitcoin someday, the potential upside for early investors could be 400%. Imagine locking in triple-digit gains without tax consequences!

## Bottom line

NFTs are digital collectibles, and you can bet on them via the Ether Fund.

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