



The Best Way to Buy Bitcoin

Description

Bitcoin has defied gravity over the past year. In fact, in recent months the cryptocurrency is also outperforming *the rest of the technology sector*. It's still trading near all-time highs even though tech stocks have lost double-digit percentages of their value.

Unsurprisingly, investors across the world are trying to add this exotic asset to their portfolio. Investors in Canada can buy and hold Bitcoin directly, but there are several downsides to doing so. Instead it's better to buy Bitcoin through a regulated security such as an exchange traded fund or stock that qualifies for your Tax-Free Savings Account (TFSA).

Here's a look at the top two ways investors can buy Bitcoin safely in their portfolio.

Bitcoin ETF

The **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) is one of the first ETFs in the world that offers pure-play exposure to this asset. Since its launch, the ETF has attracted hundreds of millions of dollars from retail investors. It's now trading at \$12.11, which is an attractive price point for any investor.

Each unit represents 0.00016551, which makes it the most convenient proxy for Canadian investors looking to add exposure to this sector. While the expense ratio is notably higher than most funds, I expect it to decline over time as BTC becomes more mainstream and the costs of managing are lowered.

Bitcoin mining stock

Hut 8 Mining (TSXV:HUT) is another alternative. The stock's explosive start to 2021 shows no signs of slowing down. It's already up by more than 150% year to date, outperforming Bitcoin, up by about 110%.

As bitcoin has continued to power to record highs, the focus has shifted to crypto mining companies, of which Hut 8 Mining is a key player. The Toronto headquartered bitcoin mining company has risen to become an industry powerhouse on its mining capacity surpassing the one quintillion hashes per

second. As it stands, Hut 8 Mining bitcoin mining capacity is four times [Hive Blockchain's \(TSXV:HIVE\)](#) capacity.

Likewise, Hut 8 Mining is well positioned to generate more bitcoin to add to the more than 3,000 it had at the start of the year. Backed by the massive hash rate, the company can mine at a rate of 6.8 bitcoins per second conversely generate as much as \$380,000 a day at a bitcoin price of \$56,000? Similarly, the company's quarterly revenue could clock highs of \$35 million.

Valuation

In the most recent quarter, the company generated C\$5.75 million in revenue. The potential revenue surge is higher given that Bitcoin has powered to record highs of \$60,000.

Hut 8 Mining appears to be trading at a discount ahead of its earnings report later in the month. Its shares are currently trading at a trailing 12-month enterprise value to a revenue multiple of 29. Hut 8 Mining also stands out given that it is more than a bitcoin miner. The company cast itself as an accelerator and innovator in the blockchain and big data ecosystem.

Bottom line

Bitcoin is surging and you could exposure through mining stocks or ETFs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)
2. TSX:HUT (Hut 8 Mining)

PARTNER-FEEDS

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2. Koyfin
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Author

vraisinghani

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