



What Are the Best Ways to Buy Bitcoin in Your TFSA Today?

Description

Bitcoin has been exploding in popularity over the last year, but especially over the last few months. Many investors are now looking for a way to gain exposure. There are several reasons to be bullish on Bitcoin. It's a great way to hedge the inflation risk today. Plus, the technology is revolutionary.

Bitcoin is highly volatile, though. So, you need to decide if you can stomach the risk. You also need to decide which type of investment you want to buy, as some are higher risk than others.

The last and most important thing is, investors should be prepared to take a long-term position with Bitcoin and be prepared to commit to it for years of growth.

And because there are several eligible ways to buy Bitcoin or at least gain exposure to it in your TFSA, you may want to consider doing that. With Bitcoin's insane potential, you could save thousands in taxes over the years by buying it in your TFSA.

I'd be careful, though. If you buy too much, the volatile price could cause some big losses. And because you can't simply replace the TFSA contribution money you lose, it's that much more of a risk you'll want to avoid.

That's why investors should always ensure they're taking a long-term position and investing only a small portion of their portfolio.

With that in mind, here are the best ways to gain exposure in your TFSA and which to buy based on your views of the markets.

The price of Bitcoin

If you believe the price of Bitcoin will continue to rise substantially, one of the best investments to consider is **BitFarms** (TSXV:BITF).

[BitFarms](#) is a Bitcoin-mining company. This makes the stock highly leveraged to Bitcoin. So, as the

price of the digital currency is increasing, BitFarms's profit margins will expand rapidly. That's why it's a great choice for investors who believe that Bitcoin's price will continue to rise.

The stock is considerably more volatile than Bitcoin. That's positive when the price of the cryptocurrency is increasing. However, it can be a major risk if the price of Bitcoin declines substantially.

Over the past six months, Bitcoin's price has increased by 427% compared to BitFarms, which has gained 1,750%.

It's not that straightforward, though. It's crucial investors understand just how competitive Bitcoin mining is. This means these companies have to continuously spend to upgrade their computing power in order to stay competitive.

So, while these stocks offer incredible potential, investors have to consistently keep up to date with the operations of the business.

The direction of Bitcoin

Another way for investors to consider gaining exposure in their TFSA's is through the **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)).

Investors who choose to invest in the ETF will have much of the same mindset as investors buying BitFarms. However, gaining exposure to the actual currency rather than a miner is significantly less risky.

Owning the fund will be the most popular way to gain exposure to Bitcoin. Investing in Bitcoin, while it can provide incredible short-term gains, should be looked at as a long-term investment.

That's why the ETF will be so popular, it's a great choice for long-term investors. You can buy the fund for the long term and forget about it.

The popularity of the cryptocurrency industry

Lastly, an investment that gives investors exposure to Bitcoin, as well as other popular cryptocurrencies, is **HIVE Blockchain Technologies** ([TSXV:HIVE](#)).

[HIVE](#) is a cryptocurrency mining company similar to BitFarms. However, the stock offers investors a different way to invest in the industry, because it mines Bitcoin in addition to some of the other major cryptocurrencies.

This gives HIVE a solid amount of diversification, which makes it, in my view, less risky than BitFarms.

It's still considerably more volatile than buying the ETF. However, if you believe the cryptocurrency industry will continue to grow, it's a great long-term investment to make today.

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