



## 2 Top Canadian Bitcoin Plays for 2021

### Description

These days, a lot of people are investing in Bitcoin.

After topping a price of \$70,000, the world's largest cryptocurrency is more popular than it has ever been. The year 2020 was the best year for Bitcoin since its legendary 2017 bull run, and in 2021 and shows no signs of slowing down.

But for investors, one risk remains: *security*.

As of March 2021, the world's largest crypto exchanges and wallets provided [no protection against users losing their passwords](#). While **Coinbase** does have criminal insurance and insurance on its data centres, it can't fully protect against password loss.

For amateur investors, this is a real risk. On the one hand, you should choose a password that's "strong" enough a hacker can't easily break it. Conversely, you want to be able to remember your password. It's a dilemma that isn't easily resolved, and ultimately means that Bitcoin holdings are less safe than conventional positions in stocks and bonds. Fortunately, there are several indirect ways to invest in Bitcoin that may offer better security. The following are two Canadian Bitcoin plays that may meet your needs in 2021.

### Purpose Bitcoin ETF

The **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) is a [Canadian Bitcoin ETF](#) that holds a 100% BTC portfolio. It owns no "alt coins" nor any crypto stocks. In theory, holding this ETF is identical to holding Bitcoin. In practice, your returns will be lower than Bitcoin's returns. The reason is that BTCC.B has management fees. It charges a 1% fee on all of its Bitcoin holdings every year, reducing your total return considerably. Especially if you measure it over a period of several years. However, for less tech-savvy investors, the security benefits of holding a publicly traded Bitcoin play may be worth the cost.

## HIVE Blockchain Technologies

If you're looking for a slightly more "adventurous" public Bitcoin play, you could consider **HIVE Blockchain Technologies** ([TSXV:HIVE](#)). HIVE is a company that mines Bitcoin and Ethereum for profit. It's therefore not a "direct" Bitcoin play, but a company that profits when Bitcoin's price is rising.

In its most recent quarter, HIVE mined \$13.7 million worth of cryptocurrency (up 174%), had \$10.6 million in gross margin, and \$17.2 million in net income. Just last year, the company was routinely losing money. This goes to show that, the higher Bitcoin and Ethereum go, the more money HIVE makes. As long as Bitcoin continues rallying, its stock should do well.

Over the past year, HIVE has performed much better than Bitcoin itself. Up 2,798% in a mere 12 months, its stock has absolutely defied gravity. HIVE will probably continue to perform well as long as Bitcoin rises. However, the out-performance over Bitcoin itself may not last. Like all stocks, HIVE may be seen as worth less if its stock rises well above the value of its assets (in this case, crypto holdings).

In such a situation there is downside risk even if Bitcoin is rising. If you're not comfortable with that risk, then direct BTC holdings, or ETFs like BTCC.B, may be better for your needs.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)
2. TSXV:HIVE (Hive Blockchain Technologies)

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### Date

2025/09/06

### Date Created

2021/03/23

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