



Bitcoin ETFs: Canadians Flooding Millions Into Bitcoin Fund!

Description

It is no surprise that the recent bullish run by cryptocurrencies like Bitcoin has led to a massive flow of money into the decentralized digital asset. With the rise of Exchange-Traded Funds (ETFs) focusing on cryptocurrencies, many Canadians have found a safer way to invest in Bitcoin than owning the cryptocurrency itself.

Overall, Canadian ETFs enjoyed a very strong month in February 2021, with a record \$5.2 billion flowing into Canada's ETF market. Global stock markets were strong in February, making it easy to understand why Canadian funds saw a massive cash inflow.

The fact that a Bitcoin fund was the second-most significant fund in terms of cash inflow is interesting.

Significant inflow of cash among Canadian ETFs

February saw two Canadian funds with the most significant cash flows:

- **TD Global Technology Leaders ETF** with \$950 million inflows
- **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) with \$150 million inflows

The **Toronto-Dominion Bank** fund's popularity is expected. The fund focuses on high-growth tech companies. Purpose Bitcoin is playing on the popularity of cryptocurrencies right now to provide its investors with massive returns.

What's the purpose of Purpose Bitcoin?

Typically, ETFs invest in a wide range of holdings to [provide investors with returns](#) through a diversified portfolio of assets. You may expect Purpose Bitcoin to diversify across various cryptocurrencies to align with the cryptocurrency space's growth. After all, there is no shortage of these digital currencies today. Surprisingly, it appears that the fund only holds Bitcoin.

Purpose Bitcoin holds a direct position in the world's most popular Bitcoin without exposure to other cryptocurrencies or crypto stocks and derivatives. As of March 22, 2021, the Bitcoin ETF holds 14,409.297 Bitcoin units, amounting to over \$1 billion in assets under management for the ETF.

As a pure-play in Bitcoin, it might make investors wonder how owning Purpose Bitcoin ETF units is any different from holding the cryptocurrency directly. What is the value proposition there? After all, the returns from BTCC are guaranteed to be lower than owning Bitcoin due to its management fees. However, the fund offers a layer of security that you cannot get with owning Bitcoin itself.

When you buy and hold Bitcoin in a wallet, you are the person responsible for its security and remembering the password. If you forget your password or if someone hacks your wallet, you can lose your investment for good. Services like Coinbase and others boast about "account insurance" that gives the illusion of protection. But the insurance covers the physical assets for these companies rather than coverage for holders from lost passwords or hacking.

Owning Purpose Bitcoin ETF units effectively provides you with a layer of security because the fund is responsible for securing its underlying cryptocurrency holdings. You only get the returns from Bitcoin's performance, minus the management fees, making it an attractive value proposition for many investors.

Foolish takeaway

While many major investors like [Buffett consider Bitcoin bad for your capital](#), the cryptocurrency is still enjoying a good run. Purpose Bitcoin ETF makes it easier for Canadians to enjoy the returns from Bitcoin without owning the cryptocurrency itself. It could be a good investment for investors who are bullish on the cryptocurrency but not confident enough to own the asset themselves.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

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Date

2025/07/07

Date Created

2021/03/25

Author

adamothonman

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