



Bitcoin ETFs, Miners, and Wallets, Oh My! Which Canadian Crypto Play Is Best?

Description

Canadians have many options to bet on Bitcoin, Dogecoin, and many other cryptocurrencies that have been [red-hot](#) of late. The whole process of setting up a crypto wallet and securing your keys can be daunting for everyone.

There has been no shortage of ads promoting Bitcoin these days. However, I ultimately believe that the best way to own cryptocurrencies is not through a wallet, but through various other means, which are far more secure. We've heard the stories of Bitcoin millionaires losing access to their fortunes through innocent, trivial mistakes. It's easy to lose the keys to your wallet. Like hoarding gold bullion, you need to think about security and protect your investment from theft or loss.

Tempted by Bitcoin? Opt for a TSX-traded security

I'm a huge advocate of owning precious commodities, whether it be metals like gold, silver, or palladium, or cryptocurrencies like Bitcoin, through a security.

These days, there are a growing amount of securities that can provide you Bitcoin and cryptocurrency exposure for a very low cost, with security thrown in. That's the type of peace of mind that money can buy. And investors should be more than willing to pay-up for trusted custodians securing their valuable assets.

In this piece, we'll look at three top ways for Canadians to bet on Bitcoin and the like. But be warned, I wouldn't allocate more than 3-5% of a portfolio in any cryptocurrency, even if you're a raging bull. If you're bullish, keen, and are willing to ride a 50-80% drop in cryptocurrency prices, only then do you have my blessing to buy into the following Bitcoin and crypto securities. With that warning out of the way, let's have a look at three top crypto securities:

A cryptocurrency miner

First up, we have the miners, which should be viewed as a leveraged way to play the price of

underlying cryptocurrencies. They can maximize your gains if you're a raging bull. At the same time, they can suffer from amplified damage if cryptocurrencies were to collapse in price.

If you're comfortable with losing 80-90% of your investment for a shot at amplified gains, only then would I bet on a crypto miner. In Canada, **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) is a great way to expose yourself to a diversified mix of cryptocurrencies, including Bitcoin, Ethereum and Ethereum classic.

For hungry upside-seeking investors looking for crypto exposure beyond Bitcoin, HIVE stock is the way to go. Just because the folks at HIVE won't lose their tokens doesn't mean you can't lose your shirt, however. So, only invest what you're comfortable with losing! Bitcoin and Ethereum are already volatile on their own. HIVE stock adds another layer of volatility on top. In late 2017 and early 2018, the last time the crypto trade went up in smoke, and HIVE stock lost over 90% of its value.

Bitcoin ETFs

If you seek more direct exposure to Bitcoin, Canada's lineup of Bitcoin ETFs is probably more your cup of tea. Canada's first Bitcoin ETF, **Purpose Bitcoin ETF**, is a great way to play the cryptocurrency. The ETF holds Bitcoin safely and soundly in cold storage, with zero wallets required. Better yet, the ETF is pretty liquid and is both TFSA and RRSP eligible. The major downside of the ETF is its hefty management fee, which is pinned at 1%. That's steep.

The **CI Galaxy Bitcoin ETF**, Canada's third Bitcoin ETF, is the lowest cost solution in the galaxy, or at least on the **TSX Index** so far. CI's offering shares many of the same features of Purpose's ETF but with a far lower management fee of 0.4%. That's as good as it gets as far as low cost Bitcoin ETFs are concerned.

Foolish takeaway

As a [cautious](#) investor, I prefer the CI Galaxy Bitcoin ETF for the low fees. But if you're getting into the crypto world for a shot at big gains and not just for diversification, it's tough to beat HIVE stock. And if you go the cryptocurrency miner route, make sure you've got a strong stomach because you're going to need one!

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