



NFTs: What Are They, and How to Invest?

Description

Non-fungible tokens (NFTs) are quite the rage right now in the cryptocurrency universe. Whenever such acronyms create a buzz in the investing world, it's imperative that individuals find out what the craze is all about.

An NFT is a unit of data that is backed by a digital ledger called blockchain. It is a representation of a distinct digital item that investors can buy and sell if they consider it to have value. Indeed, it appears to have the potential to become massive soon. So, it's imperative that investors learn the details concerning an NFT to find out if it's worth their time.

How do NFTs exactly work?

[NFTs](#) can really represent nearly anything available on a digital platform. Yes, this includes tweets, video clips, jpegs, gifs, and more. Individuals can make use of the Ethereum network to create digital tokens for their content, which can potentially be worth millions in the future.

To put it in simply, non-fungible tokens could be any digital asset that the creator wants to make unique. These assets run on a digital ledger which validates all the details of the NFT.

Here's an example: Recently, Jack Dorsey, the founder of Twitter, sold his first tweet for more than \$2.9 million. This tweet will continue to be on the social media platform. However, the winning bidder would have ownership of the NFT. It will be signed and verified by Jack Dorsey himself.

Some investors have compared NFTs to owning the "master copy" of an LP. While collectors can buy the mass-produced copies on the open market, there are only so many master copies to buy. These are valuable mainly because of scarcity.

As a result, the price of these non-fungible tokens is tied to the supply and demand of these items. It's really a speculative environment similar to that of the high-end art market. At least, that's what early NFT investors are betting on.

How to get in on the NFT trade?

In North America, many companies such as **CurrencyWorks** (TSXV:CWRK) have been making efforts to provide investors with access to NFTs.

Indeed, the shares of CurrencyWorks have soared more than 400% this year as investors pile into this trade. CurrencyWorks is a FinTech company that primarily focuses on blockchain. It already has an extensive platform dedicated to NFT. However, it plans to grow this platform to include Bitcoin and Ethereum.

Although NFTs are relatively new in the investing world, it appears that investors are willing to invest in this asset class right now. However, investors must note that there's a great deal of speculation surrounding NFTs right now. Hence, investors should proceed with extreme caution.

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Date

2025/07/03

Date Created

2021/04/03

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