



1st Bitcoin ETF: \$1,000 Invested at the Start Is Worth This Much Today

Description

Cryptocurrencies faded out of the limelight for some time until the 2021 bull market saw Bitcoin soaring to new all-time highs. Bitcoin crossed the US\$50,000 mark and is trading for around US\$59,400 at writing. Many analysts are saying that Bitcoin is moving into dangerous territory, and concerns about a bubble are not entirely unwarranted.

However, it is hard not to be tempted by the red-hot cryptocurrency market right now, especially since the first Bitcoin Exchange-Traded Fund (ETF) launch earlier this year.

Today, I will discuss why Bitcoin is soaring today, the launch of the [first Bitcoin ETF](#), and how much \$1,000 invested in the fund at its launch would be worth right now.

Why Bitcoin has been soaring in 2021

This is not the first bull run for Bitcoin and other cryptocurrencies. 2017 saw a massive uptick for the crypto world, but it came crashing down in 2018. Many attribute the attack by international regulators on cryptocurrencies as the reason for its downfall that continued to 2019.

However, 2020 started seeing a change in the landscape. Bitcoin and its peers enjoy greater support from regulators and are garnering more interest from institutional investors. Cryptocurrency is also trading through huge processors like **PayPal** and through firms like WealthSimple.

The most significant surge began with the decision by Elon Musk-led **Tesla** pumping US\$1.5 billion into Bitcoin.

The purpose of the first Bitcoin ETF

Purpose Bitcoin ETF ([TSX:BTCC.B](#)) was created to allow investors more liquid exposure to the cryptocurrency with additional security. Typically, people gain exposure to Bitcoin by purchasing the cryptocurrency's units. Some investors seek indirect exposure through investing in publicly-traded

Bitcoin harvesting companies.

Purpose Bitcoin is changing the landscape and making exposure to Bitcoin much more convenient for people interested in the cryptocurrency. It holds a direct position in Bitcoin without exposure to any other cryptocurrencies. It effectively reflects the performance of Bitcoin.

As of February 4, 2021, Purpose Bitcoin holds 16,462.3597 BTC units, bringing its total assets under management up to \$1.22 billion.

You may be wondering what would be the point of owning the ETF when you can get the same exposure to the cryptocurrency without paying the fund any management fees. Purpose Bitcoin directly holds Bitcoin and stores it in cold wallets, adding a layer of security for you because it is responsible for the security of underlying cryptocurrency holdings.

Owning Bitcoin yourself would mean that you are responsible for its security and remembering your password. In case someone hacks your Bitcoin wallet, or you forget your password, you could lose your cryptocurrency units for good. The additional security layer makes for an excellent value proposition for the Bitcoin ETF.

Foolish takeaway

At writing, each Purpose Bitcoin ETF unit is trading for \$11.08, translating to 5.02% gains since its launch on February 19, 2021. If you invested \$1,000 in the ETF at its launch, your capital could be worth \$1,050.20. It does not represent a massive appreciation for investor capital in over a month, but the returns could improve massively as the cryptocurrency appreciates further.

I would suggest investing in a [top TSX high-growth tech stock](#) like **Lightspeed POS** to grow your wealth. However, if you are interested in investing in crypto, you could consider dollar-cost averaging to minimize your risk going forward as you invest in the Bitcoin ETF.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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