



Too Nervous to Buy Bitcoin? Consider This Alternative

Description

Last year, major institutional investors started betting on Bitcoin in a big way. Several major ETFs were set up, banks started buying, and Elon Musk's **Tesla** famously invested \$1.5 billion in BTC.

Since then, BTC has gone on to hit \$70,000, bringing it close to its all-time high prices.

It's beyond dispute that mainstream investors are now betting on Bitcoin. With banks, ETFs and Fortune 500 companies getting in on the action, BTC has gone mainstream. Yet investing in BTC directly remains a risky proposition. Even with all the advances Bitcoin has made, you can still lose all of your Bitcoin by getting hacked or losing your password. Major exchanges offer some protection, but it's not as much as you'd get with bank deposits.

If you hold Bitcoin directly, risk is just a fact of life. Even if you can handle the volatility, the security issues remain. Fortunately, there are several other ways to get exposure to BTC that aren't nearly as risky. Between ETFs, stocks, and derivatives, they may be more suitable for you. In this article, I'll explore one such "alternative" that's almost identical to holding Bitcoin itself — only much safer.

Purpose Bitcoin ETF

Purpose Bitcoin ETF ([TSX:BTCC.B](#)) is an ETF that holds only one asset: Bitcoin.

It is basically a publicly traded Bitcoin proxy that holds your BTC for you in exchange for a fee. The company that manages the fund uses cold storage to [keep all of its Bitcoin safe](#). And it owns a lot of it. As of this writing, BTCC.B held 16,826 Bitcoin. That's about \$1.2 billion worth at today's Bitcoin price. By buying BTCC.B, you're effectively buying Bitcoin on a stock exchange, which makes it the closest you can get to owning Bitcoin without directly buying it. However, there is *one* major difference between BTCC.B and Bitcoin that you do need to know about. In the next section, I'll explore it in detail.

How BTCC.B compares to holding Bitcoin itself

The one big difference between Bitcoin and Purpose ETF is this: the latter has management fees.

According to the fund's website, it [has a 1% MER](#). MER stands for management expense ratio — it means all the fees you'll pay, as a percentage of asset value. A 1% MER isn't low, but it isn't the highest fee of any ETF on earth either. It does look like the MER can go higher in the future, as the fund's website says that MER is "capped at 1.5%."

These fees guarantee that your return will always be lower with BTCC.B than with Bitcoin. The underlying asset is exactly the same thing, and ETFs track their underlying assets almost perfectly. However, with BTCC.B, you lose 1% of the value of your holdings every year to fees. That figure could potentially go even higher.

Do these fees mean that you shouldn't invest in BTCC.B? Hardly. If you're not tech savvy, the fee may be more than worth the added security of buying a publicly traded asset. But the fees will make your total return lower than what you'd get with Bitcoin. That's something you'll have to keep in mind.

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
7. Yahoo CA

Category

1. Investing

Date

2025/09/18

Date Created

2021/04/08

Author

andrewbutton

default watermark