



Bitcoin ETFs: Worth a Buy?

Description

[Cryptocurrencies](#) are an asset class that has gone from red hot to white hot in the market today. Indeed, Bitcoin's absolutely astronomical rise to above US\$60,000 per token has astounded many investors. I find myself in this camp.

Accordingly, it's hard to watch this price appreciation from the sidelines and not feel like one is missing out on these returns. A "FOMO" trade is building among retail investors, spurring increasing investment in these digital tokens today.

Indeed, for those looking to invest in Bitcoin, the options are still relatively limited. One can buy Bitcoin and store it in a wallet, which requires a level of technical sophistication many investors don't have.

However, Bitcoin ETFs have recently been approved in Canada. These ETFs are aimed at providing retail investors an avenue to invest in these digital coins.

Among some of the top such ETFs include **The Bitcoin Fund**, **Purpose Bitcoin ETF**, as well as other ETFs launched by **CI Financial** and **Galaxy Digital**.

For those considering whether these ETFs represent a buy today, here's what to consider.

Momentum is everything, but it works in both directions

Right now, momentum is on the side of crypto investors. Bitcoin prices have taken off along with alt coins, as investors pile into this trade. Bitcoin ETFs provide a way for the average Joe to get in on this trade.

That said, these highly speculative momentum plays carry a significant level of risk. Volatility works in both directions. While most of the volatility is on the upside today, we've seen how hard Bitcoin and its cryptocurrency peers can crash when the time comes.

Thus, I'd encourage momentum investors considering this trade to avoid investing more than one can

afford to lose. There's no reason to bet the farm on any trade. Indeed, if one expects sky-high returns, investing a small percentage of one's portfolio should do.

Bottom line

These ETFs have brought about a whole new set of possibilities for the average investor. Crypto is the hot trade right now, and more ETFs will continue to pop up to serve the needs of investors.

Indeed, the decision of whether or not to jump into Bitcoin ETFs is an intriguing one, particularly for those who are watching their friends get rich by investing in Bitcoin.

That said, it's risky business, no matter how you invest in crypto. Accordingly, practicing proper portfolio discipline in sizing positions appropriately is of utmost importance with such investments.

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