



## Forget Coinbase: Canada Has Better Bitcoin Stocks

### Description

Cryptocurrency trading platform Coinbase is due to be listed tomorrow. Once it's public, Coinbase is expected to be worth more than most major banks across North America. This hotly anticipated listing will allow some investors to add exposure to this exciting new industry for the first time.

However, there are several cryptocurrency stocks already listed in Canada. Here's how Canadian investors can bet on the future of Bitcoin and the rapid adoption of cryptocurrencies.

### Direct Bitcoin investments

Last year, Wealthfront added crypto trading to its platform, allowing its users to trade digital assets directly. You can now buy and hold Bitcoin and Ethereum directly on your trading app. Meanwhile, cryptocurrency exchanges such as Binance and payment platforms such as **PayPal** allow Canadians to buy Bitcoin directly.

However, regulated securities offer special features and some advantages for investors.

### Bitcoin ETF

All three of the world's first Bitcoin exchange-traded funds are listed in Toronto. **Purpose Bitcoin ETF** was the first one approved in mid-2020. Since then, it has been followed by **Evolve Bitcoin ETF** and the **CI Galaxy Bitcoin ETF**. Each unit of these ETFs represents a set number of Bitcoin.

Trading in ETFs is arguably safer and easier than buying cryptocurrency directly. The ETF management company is responsible for storing the Bitcoin holdings safely and implementing cybersecurity protocols to protect them from cyber attackers.

These ETFs also qualify for the tax-free savings account (TFSA) and Registered Retirement Savings Plan (RRSP). Mitigating capital gains taxes on your Bitcoin holdings is probably the most appealing aspect of this ETF structure.

## Bitcoin stocks

Another way to bet on Bitcoin indirectly is to invest in crypto mining stocks. These companies generate Bitcoin or other digital assets through the Proof-of-Work (PoW) method. Essentially, the company owns and operates server farms that solve complex mathematical problems to win newly minted BTC. Some of this newly-created BTC is sold to expand operations, while the rest is held in reserve.

As the market value of BTC skyrockets, these mining companies see their margins and book value expand. **HIVE Blockchain** (TSX:HIVE), for instance, has seen a 2,347% rise in its stock value over the past year. Compare that to BTC's total return of 773% over the same period.

Mining companies are also much more diversified than the ETFs mentioned above. HIVE, for example, holds its [reserves in Ethereum](#) and Ethereum Classic, besides Bitcoin. Other mining companies have pivoted to smaller, lesser-known cryptocurrencies like Zcash to diversify their income streams.

Essentially, crypto mining stocks serve as a proxy for the entire digital assets industry. Investors looking for unconventional ways to bet on this emerging market may want to consider Canadian Bitcoin ETFs and mining stocks before they bet on the upcoming Coinbase initial public offering (IPO).

## Bottom line

This week's Coinbase IPO is likely to be one of the biggest tech listings of 2021. Experts believe the company could be worth more than most major banks once it goes public. However, Canadian investors have better alternatives in the form of domestic ETFs and crypto mining stocks.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

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