



## Forget Bitcoin: Ethereum Will Make You More Money!

### Description

While Bitcoin gets all the media attention, Ethereum is actually outperforming it as an investment. The world's second-largest cryptocurrency has had a better run than Bitcoin ever since inception. That's probably because it started off more recently and has a bigger market to address.

Here's why investors seeking growth should focus on Ethereum rather than Bitcoin.

### Ethereum will eclipse Bitcoin

The Bitcoin community seems to have finally settled on a primary use case for this new asset. Most investors consider BTC a form of "digital gold," or a store of value. Much like gold, this cryptocurrency can appreciate when the value of all other currencies is depreciating.

Investors who'd bought BTC early are sitting on unbelievable returns. However, the combined value of all BTC is now US\$835 billion (CA\$1 trillion). Meanwhile, the combined value of all the gold in the world is US\$10 trillion (CA\$12.5 trillion). As you can see, BTC is already 8% of the way to its full potential. It can deliver a 12-fold return if it *fully displaces gold*.

However, Ethereum isn't trying to displace gold. The project has broader ambitions and is trying to replace the entire internet with decentralized applications and smart contracts. The target market is traditional bonds, cloud computing, sharing economy and social media — a much bigger market.

The market for decentralized finance, or DeFi, alone could be multiple times larger than "digital gold." In other words, Ethereum has a total addressable market size worth hundreds of trillions.

It's also a smaller asset class, which is why returns are better. Year to date, ETH has delivered a 212% return compared to BTC's 47%. Over the past one year, BTC has appreciated by 300%, while ETH is up 700%. The law of large numbers is at play, which is why Ethereum is likely to keep outperforming.

## How to bet on Ethereum

Canadian investors have plenty of options for cryptocurrency exposure. Trading apps like Wealthsimple allow you to add Ether to your portfolio directly. However, you can also bet on an exchange-traded fund such as **CI Galaxy Ethereum ETF** ([TSX:ETHX.B](#)).

These ETFs have two advantages: taxes and custody. With an ETF, you can conveniently add exposure to ETH without having to store the digital assets yourself. That could boost the security of your assets.

Meanwhile, ETFs like ETHX.B qualify for tax-shielded accounts such as the Tax-Free Savings Account (TFSA). That means you can hold crypto exposure in your TFSA and mitigate the tax liability of multifold gains in the future.

[CI's Ether ETF](#) has capped management fees at 0.95%, which makes it a relatively cheap alternative.

## Bottom line

Capital is flooding into cryptocurrencies again. Bitcoin has rebounded from its lows, but Ethereum has outperformed it. In fact, ETH's outperformance stretches back more than a year. That's because the asset has a bigger market opportunity and is less mainstream. In other words, it has more room to grow.

Ether ETFs should be on your radar if you're seeking hyper growth in the near future.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ETHX.B (CI Galaxy Ethereum ETF)

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