



Bitcoin: I'm a Naysayer No More!

Description

If you read any of my prior coverage on Bitcoin, you'll know that I haven't been the biggest fan of it. I started out pretty much bearish on BTC and later evolved to a stance that could be described as "it's promising but too risky." In many articles, I've touted the security and market risks associated with BTC.

Bitcoin is indeed a risky asset as measured by volatility. It swings up and down far more dramatically than the S&P 500, and stocks are considered "risk assets" in textbook finance. Bitcoin is also less secure than bank deposits, as the exchanges' insurance [doesn't cover password loss or unauthorized access](#).

Those arguments still stand. However, I'm no longer a confirmed bear on Bitcoin. In fact, I've set aside some money to accumulate a small position in it and Ether. The BTC and ETH I'll be buying will only represent a tiny portion of my portfolio. But I will add to it over time until it makes up maybe 5%. I intend to hold it long term and have no plans to sell it. In this article, I'll explain why I've reversed course on Bitcoin and what I plan to do going forward.

What changed my mind?

Over the past few months, several facts emerged that changed my opinion on Bitcoin completely. These facts included the following:

- The fact that crypto is seeing real use in unstable countries where people see it as a viable alternative to fiat.
- The fact that Mark Cuban is doing substantial crypto sales at his various businesses.
- The widespread adoption of Bitcoin by payments companies **PayPal** and **Square**.

These facts demonstrate that Bitcoin is in fact a viable payment option. Perhaps it's not one that will ever fully catch on in corporate America, but it's a payment option nonetheless — one that is likely to grow in mainstream viability over time.

I plan to keep my exposure to a minimum

With all of the above said, I do plan to keep my BTC and ETH exposure to a minimum. These assets are ultimately under significant pressure from governments around the world, including Canada and the United States. You never know when a major Western nation will throw the regulatory ban hammer [like China did this year](#). If it could happen there, it can happen here. So, I plan to keep crypto to 5% of my portfolio, tops.

A tax-free way to hold Bitcoin

As a final note, I want to mention one investment you could make that overcomes some of Bitcoin's shortcomings — that is, the security risks and tax liability. As you probably know, there are many ETFs out there that let you gain exposure to Bitcoin and other cryptos. One of those is **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)). It's a crypto ETF that holds nothing but Bitcoin. When you buy BTCC.B, you pay a 1% fee to the fund's managers to hold your crypto for you. That might sound like you're getting ripped off, but if you buy and sell BTCC.B in a TFSA, you pay no taxes on your holdings. You also have professional fund managers with enterprise-grade security holding your BTC for you. It's definitely a Bitcoin play worth looking into.

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Date

2025/07/01

Date Created

2021/08/16

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