



Ethereum Is Surging: Don't Miss Out!

Description

Over the past week, Ethereum's price has climbed roughly 21.6%. It's been outpacing Bitcoin, which is up just 6% over the same period. This outperformance could continue, as major upgrades to the Ethereum network kick in.

Growth investors shouldn't miss out on this fundamental shift in the digital assets landscape. Here's what you need to know.

Why is Ethereum outperforming Bitcoin?

There are three major reasons Ethereum is outperforming Bitcoin this year. One reason is utility. Bitcoin seems to be living up to its core promise of being "digital gold." However, Ethereum is more than that; it's the decentralized layer of the global internet.

Put simply, Ethereum is aiming for a much bigger market. And the growing popularity of Decentralized Finance (DeFi) and Non-Fungible Tokens (NFTs) indicate that it's living up to that promise.

Another reason Ethereum is outperforming is size. Ethereum's combined market value is US\$440 billion compared to Bitcoin's US\$950 billion. The law of large numbers would suggest that Ethereum has more room to run.

However, the biggest factor driving Ethereum higher are network upgrades. Ethereum's recent London hard fork implemented a new protocol that "burns" ETH every time a transaction is completed. This should reduce the supply of tokens in circulation, making the rest worth more. I talked about this [supply shock](#) back in March.

How to bet on Ethereum

Ethereum has more than doubled since late July. The price is now just 13% away from its all-time high. However, there's still plenty of room to grow.

The Ether Fund (TSX:QETH.U) is an obvious choice for investors looking to add exposure. The fund is up 110% since late July, closely tracking its underlying asset. Some experts believe each ETH could be worth as much as US\$10,000 in the near term, which means this ETF could *triple* shortly.

This exchange-traded fund (ETF) also qualifies for your Tax-Free Savings Account (TFSA). So, savvy investors could potentially defer taxes on triple-digit gains.

HIVE Blockchain Technologies ([TSXV:HIVE](#))(NASDAQ:HVBT) is another excellent opportunity. Most investors consider this a Bitcoin mining stock, but the company generates substantial revenue from its ETH mining operations too. In fact, much of the company's reserves are held in Ether, which means this mining stock is exposed to Ethereum's upside.

HIVE stock is trading roughly 39% below its all-time high. The price-to-earnings ratio is 40, which is a great deal when you consider the growth in this sector.

Bottom line

Over the past five years, Ethereum has outpaced Bitcoin by a wide margin. The second-most popular cryptocurrency is simply smaller and has more room to grow. NFTs, DAOs, and DeFi are now proving the use-case for Ether, while network upgrades are making the asset much rarer.

Growth investors simply cannot afford to miss out on future gains. Consider adding a Ether fund or mining stock to your TFSA in 2021 and holding for decades.

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