



## Bitcoin Is at an All-Time High! Is Ethereum Next?

### Description

Bitcoin, the world's most popular cryptocurrency, reached an all-time high this week. On Wednesday, each BTC was trading at US\$67,016 or C\$82,658.54. The digital asset is now worth \$1.5 trillion in aggregate. This stellar bull run has created many billionaires and millionaires.

But some wonder if smaller, lesser-known crypto alternatives, such as Ethereum, could outperform Bitcoin over the long run. Here's a closer look.

### Bitcoin's performance

Adoption is the key driver of Bitcoin's value. Since it was launched in 2009, there's been a steadily expanding pool of investors willing to buy and hold BTC. Meanwhile, the total supply of BTC is capped. There are only 18.85 million BTC in circulation right now and there can only ever be 21 million in existence.

Limited supply and growing demand on a global scale make Bitcoin an excellent investment. However, supply-demand isn't the only factor investors need to consider. The law of large numbers is another factor to consider here.

Bitcoin's total valuation is already over \$1.5 trillion. It would need to add the economic value of Canada's entire economy to double from this level. That's certainly possible, but not straightforward. Meanwhile, smaller assets have much more room to grow, which is why they could outperform.

Of all the alternative cryptocurrencies, known as 'altcoins', Ethereum could be the best.

### Why Ethereum could outperform

Ethereum's combined market value is US\$490 billion. That makes it as large as a tech company, but not as large as developed economies. It's substantially smaller than Bitcoin for sure.

However, Ethereum's target market is much larger. While Bitcoin was designed to be "digital gold," Ethereum was designed to be a decentralized layer of the global internet. Developers have been building decentralized marketplaces, non-fungible tokens (NFTs), exchanges, applications, and software on the Ethereum network. None of those exist on the Bitcoin network.

That means Ethereum is a smaller asset with much more room to grow. Because of this, it has already outperformed its larger rival. BTC is up 337% over the past year, while ETH is up 770% over the same period. This outperformance is even larger when you look back to 2016 when ETH was first launched.

I believe this outperformance could continue in the near future, which is why investors still have a chance to get in early.

## How to buy Bitcoin and Ethereum

While it's easier than ever to buy BTC or ETH directly, you may want to consider Canada's wide range of [crypto exchange-traded](#) funds or ETFs. These ETFs track the market price of their underlying cryptocurrency but can be held in registered accounts such as the Tax-Free Savings Account (TFSA).

Here are some of your top options:

- **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)): Has \$1.83 billion in assets under management and has capped MER (Management Expense Ratio) to 1.50%.
- **Evolve Cryptocurrencies ETF**: Invests in cryptocurrency ETFs that charge a management fee of 0.75%.
- **Evolve Ether ETF** ([TSX: ETHR](#)): Has \$113 million in assets under management and charges a 0.75% management fee.

## Bottom line

Bitcoin has had an incredible run, but Ethereum has outperformed it. ETFs that track both cryptos deserve to be in your portfolio.

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