



Bitcoin or Ether: Which 1 Should You Choose?

Description

Investing is more about perception than many people realize, especially when we move away from hard assets and gold. Stocks can crater, despite strong fundamentals, simply because of a significant perception change. But at least stocks *have* fundamental merits and tangible assets backing them up.

Crypto is a significantly more speculation-driven asset, which gives Bitcoin, the most talked-about crypto in the world, a distinct advantage. But that doesn't mean Ether can be easily disregarded.

The case for Ether

If we consider Ether simply from a return potential perspective, it's offered much better growth [compared to Bitcoin](#) in the last 12 months. In the last 12 months, Ether rose about 649% in value. That's almost thrice Bitcoin's growth during the same time. However, though the growth pattern is different, Ethereum does follow Bitcoin's "footprints."

CI Galaxy Ethereum ETF ([TSX:ETHX.B](#)), however, grew a mere fraction of the underlying asset. The ETF has a total net asset value of \$1.5 billion, and it has just one holding, making it a pure-play Ethereum ETF. However, its growth lags behind the underlying asset quite a bit. This ETF grew just about 84% in the last 12 months.

Even if we take the advantage that you can stash it in tax-sheltered accounts, the returns are paltry.

So, if you want to go for Ether, it might be a good idea to invest in the asset directly instead of looking into the security-based alternatives.

The case for Bitcoin

Bitcoin has been growing at a powerful pace and has reached new heights twice this year alone. However, its overall gains for the year have not been truly explosive, especially if we compare it to Ether's returns for the year.

As a [long-term holding](#), Bitcoin might be a much more powerful asset *if* you buy it at a much lower price than it's currently trading for now. The ideal price would be in four digits, but the crypto might not reach that far down if 2021's slumps are any indication.

But even if you can buy it at, say, US\$20,000 apiece and the crypto grows to \$100,000, which might be its new peak (whenever Bitcoin hits it), you can expect five times growth.

In the case of Bitcoin, the "stock" route towards the asset, particularly if you invest in **Bitcoin Fund** ([TSX:QBTC.U](#)), is much closer to the actual thing. This fund grew 166% in the last 12 months, mimicking Bitcoin's growth significantly more closely than Ethereum's ETF. The Toronto-based fund has a much higher management fee, but it can be justified by the returns.

A way to invest in both

Voyager Digital ([TSX:VOYG](#)) is not the best way to gain exposure to both Bitcoin and Ethereum at once. That's because, as a cryptocurrency platform that allows its users to trade over 60 crypto assets, its focus is much more "spread out." But it also offers a bit more safety. And that's because as a trading platform, it should (theoretically) thrive on activity, whether it's buying or selling.

The problem is that there is not enough history to go on for now. Voyager Digital only started trading on the TSX a few months ago, and since its inception, the stock has grown about 19.2%. The company might become a great asset to gain exposure to the crypto market, but time will tell.

Foolish takeaway

The [tech stocks](#) representing the crypto market and the crypto assets themselves can move up and down irrespective of the broad market. Their speculation-driven market movement also allows them to act as a hedge against the market.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ETHX.B (CI Galaxy Ethereum ETF)
2. TSX:QBTC (The Bitcoin Fund)

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