



New Bitcoin ETF: Another Promising Sign for the Crypto Industry

Description

As most investors know by now, over the last year and a half, cryptocurrencies have been most of the top-performing assets. However, it hasn't just been the prices for cryptocurrencies rallying. Indeed, the entire sector has gone through a significant revolution, with several new crypto stocks and ETFs that track major currencies like **Bitcoin** launching as a result.

In the past, rallies in cryptocurrencies were chalked up to speculation. And while that still goes on today with certain cryptocurrencies as it does with stocks, it doesn't mean that other cryptos don't offer a tonne of long-term potential.

The massive rally and mainstream adoption of the industry over the last year is due to a significant revolution. Not only are more users actually being drawn to the space, but more retail investors and institutions are looking for ways to gain exposure.

This has led to numerous stocks and ETFs launching following the cryptocurrency industry as well as Bitcoin, which not only offers more choice for investors but also shows this isn't some short-term fad.

In addition, it not only makes it easier for investors to gain exposure but as more investors are drawn to the [cryptocurrency industry](#), the prices of these currencies will continue to increase. And consequently, more products will be launched bring more users to the space creating a significant snowball effect.

The new Bitcoin ETF

One of the issues of owning a cryptocurrency like Bitcoin, though, is that like gold, for example, there's not much you can do with it.

So while investors can gain exposure to Bitcoin through several ETFs right now, there is no way to earn a yield on your investment. That's not a problem when the price is rallying significantly. But during periods when the coin plateaus, investors want a way to earn a yield on their investment.

Well, now that's a possibility, as earlier this week, two new ETFs were launched, allowing investors to

start earning a yield while still having exposure to Bitcoin and **Ether**.

Both the **Purpose Bitcoin Yield ETF** ([TSX:BTCY.B](#)) and the **Purpose Ether Yield ETF** launched this week, offering yet another option for investors to gain exposure to cryptocurrencies.

How to earn passive income while holding Bitcoin

You may be wondering how the new Bitcoin ETF will work in order to generate cash flow to return to investors. This is where the constant innovation from the markets continues to offer new opportunities for investors, which is why the industry has so much potential to grow and is one of the reasons I'm bullish on cryptocurrencies.

The new Bitcoin ETF will employ a [covered call](#) strategy, selling covered call options on 10% to 50% of its Bitcoin holdings. This [strategy](#) will allow the fund to earn double-digit yields on its holdings. This, in theory, means it could cap your potential if Bitcoin skyrockets. However, it will pay you a handsome yield should Bitcoin trade sideways or slowly appreciate in value.

While it's not the most exciting development, it *is* a significant step for the crypto industry and yet another sign that this is just the beginning of a significant long-term transition that sees blockchain technology continue to become more prevalent in our everyday lives.

So whether you desire to earn a yield on your cryptocurrency investments or not, the new Bitcoin ETF is another major reason to be bullish on the crypto industry.

CATEGORY

1. Cryptocurrency
2. Investing

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1. TSX:BTCY.B (Purpose Bitcoin Yield ETF)

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