



2 Crypto ETFs to Track as Bitcoin Fluctuates

Description

Bitcoin ([CRYPTO:BTC](#)) has dropped over 36% over the last two months. It peaked in early November 2021, but it has been all downhill since then. The Chinese government's breakdown of crypto miners can be considered the primary trigger. And the country's attitude towards Bitcoin is shared by several other countries.

This negative performance has also given way to a negative long-term outlook. Up until a few months ago, a decent number of people had high hopes that Bitcoin might reach the US\$100,000 in 2022. But a **JP Morgan** report indicates that only 5% of their customers believe it's possible, and if we extrapolate from that sample, there is little hope surrounding Bitcoin's new potential peak.

[The crypto](#) may not have fallen down enough for some value-crypto investors yet, but it is available at a relatively discounted price, and if you are among the minority that believes Bitcoin *could* hit a six-digit price tag, you may consider investing in the crypto. If you are worried about handling the digital asset itself, crypto ETFs might offer a better investment alternative.

A Fidelity Bitcoin ETF

Fidelity Advantage Bitcoin ETF (TSX:FBTC) is a pure-play Bitcoin ETF. The fund is composed of a little over 390 Bitcoins and is currently valued at about \$21 million. Unsurprisingly, the ETF carries a high-risk rating, reflective of the volatile nature of the underlying asset. Launched in November 2021, it's one of the latest Bitcoin ETFs to join the market.

And since the ETF chose a very inconvenient time to launch, it has already declined over 21% since it joined the TSX, and the way it's moving right now, this pattern is likely to continue for a while. Two strong points of the ETF are its relatively low management fee (0.4%) and asset storage. Over 98% of the Bitcoins under the fund's purview are stored in reliable cold wallets.

A Bitcoin ETF by Purpose

Purpose might not have Fidelity's reach, but it has a decent collection of ETFs, including its **Purpose Bitcoin Yield ETF** ([TSX:BTCY.B](#)). It has the honour of being the first [Bitcoin ETF](#) in the world as well as one of the largest. It currently holds over 29,260 Bitcoins, and the total assets under management come up to about \$1.6 billion.

It's currently trading at \$7.79 a share, making it about half the price (per unit) of the Fidelity ETF. The performance over the same period has been quite similar, and the Purpose Bitcoin Yield ETF also comes with a much higher management fee (1%). But its volume and the number of Bitcoin it holds make it more of a long-term player than other, smaller ETFs.

Foolish takeaway

There are quite a [few ETFs](#) in the crypto market right now, each with its own asset focus and diversification status. The two ETFs above are focused primarily on Bitcoin, and even though that premier cryptocurrency in the world usually dictates the movements of the broad market, the one-asset focus undercuts the ETF diversification benefit.

CATEGORY

1. Cryptocurrency
2. Investing

TICKERS GLOBAL

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

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