



Want to Buy Ethereum? 3 Ways to Maximize Your Returns

Description

There's no question that if you're looking for a high-quality cryptocurrency to buy and hold long term, **Ethereum** ([CRYPTO:ETH](#)) is a top choice.

The blockchain network is already the second-most valuable and continues to see its popularity increase as more decentralised applications ([dApps](#)) are launched within its ecosystem. It also already accounts for roughly 20% of the entire value of all cryptocurrencies.

In addition, the [blockchain network](#) is expected to get some significant upgrades this year that users, developers, and investors have been waiting a while for.

So there is a tonne of potential opportunities with an investment in Ethereum today. And the best part is that right now, Ether trades roughly 35% off its all-time high.

Therefore, if you're interested in buying Ethereum today, here are a few ways to ensure that you maximize your returns.

If you're buying Ethereum make sure it's for the long run

One of the biggest risks when it comes to investing in cryptocurrencies is that the industry can be quite [volatile](#). However, that risk is much more significant for speculators or traders who are trying to move in and out of positions quickly.

If you believe in the potential of blockchain technology, specifically Ethereum, then you know the opportunities over the long run are incredible.

So it's crucial that you take this approach from the first day you decide to buy. This way, if the price of the coin happens to fall by 20% the next day, you don't panic and sell. Instead, you'll welcome the sell-off in Ethereum as a chance to buy more and lower your [average cost](#).

You may want to invest in a registered account such as a TFSA

Another way investors could boost their returns by investing in Ethereum is to utilize a [registered account](#) to save on paying taxes.

In 2020, Ethereum gained 496%, and in 2021 it gained 386%. These are incredible gains, but investors who own the actual asset are going to have to pay tax on these gains eventually.

An investor who decided to buy an Ether [ETF](#), though, such as the **CI Galaxy Ethereum ETF** ([TSX:ETHX.B](#)), can realize the same gains as the price of the asset rallies and won't have to pay any tax on their gains if they buy it in a [TFSA](#).

And as you can see, with a high-potential, high-growth asset like Ethereum, that could be a meaningful amount of money saved.

Consider using a DeFi protocol

Utilizing a TFSA is great. However, the one drawback is that you don't own the actual cryptocurrency, meaning you can't participate in all the new projects on the blockchain.

So investors may prefer to buy actual Ether and have the ability to exchange it for several other tokens on Ethereum's network. In addition, you may want to consider trying [decentralized finance](#) (DeFi).

This way, instead of just holding your Ether, you can look for ways to earn a yield on your asset while still having exposure and benefitting when it gains in price.

There are several different DeFi protocols you can consider that all offer different risks and rewards. One of the safest would be a [lending protocol](#), but you could also find more complicated DeFi apps that let you potentially earn more, such as a decentralized exchange that offers [yield farming](#).

Of course, the more rewards you're looking to earn, the more risk you need to take on, but finding a high-quality risk-adjusted DeFi protocol is certainly an excellent way to boost your returns when investing in Ethereum.

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