



## 2 Assets to Track as Confidence in Crypto Wanes

### Description

The crypto market is going through a very rough patch right now, and the downfall is impacting more than just the investors. The crypto slump, which was already taking down mining operations around the globe more effectively than any government could, is affecting overlapping businesses as well. The recent **Voyager Digital** ([TSX:VOYG](#)) bankruptcy is an example.

### The bankruptcy

Voyager has recently filed for a Chapter 11 bankruptcy in the United States. This allows it to remain in business while restricting its debt and is considered one of the most complex forms of bankruptcy in the U.S.

It's important to understand that this situation was triggered by more than just the decimated state of the crypto market. It was mainly triggered by Three Arrows Capital, a Singapore-based crypto hedge fund that defaulted on a loan of about \$650 million that it took from Voyager Digital.

Regardless of the catalysts that led to this apparently healthy company, which has around \$1.3 billion in crypto assets on the platform and \$350 million in cash, filing for bankruptcy, the consequences for Voyager and other crypto businesses will be dire. Investors *might* start pulling out of their investments in crypto companies, even if they have to take huge losses just to recover part of their investment.

However, it's a good idea to gauge the market before taking any drastic action. And if you have a healthy risk appetite, you may even invest in the current crypto volatility for unprecedented gains.

### A cryptocurrency

The first crypto asset you should keep an eye on is the crypto leader itself: **Bitcoin** ([CRYPTO:BTC](#)). After a slight recovery in the last few days, the crypto is currently trading at over \$28,000 per unit. The current reprieve might be just that, a small reprieve from the long-term slump that Bitcoin is destined to go through, or it might be a sign of an actual recovery.

It's too soon to say, which is why it's a good idea to keep an eye on Bitcoin instead of buying it for its discount or selling it at a loss. It's also important to note that other cryptocurrencies like **Ethereum** and **Dogecoin** have rallied harder than the leader. If Bitcoin stays above the US\$20,000 mark or reaches a new milestone like US\$25,000, the bullish trend might gain much momentum.

## A crypto company

**Galaxy Digital Holdings** ([TSX:GLXY](#)) is quite different from Voyager in its business model, even though it's just as exposed to the crypto ecosystem. It's a diversified crypto company engaged in five different crypto-related businesses, including mining and asset management. The assets under management are slightly higher at \$1.7 billion, and it has developed an impressive network of B2B partners.

The company is quite aggressively discounted *and* undervalued. It's currently trading at an 86% discount from its peak, and the price-to-earnings ratio is at 2.67.

The chances of it declaring bankruptcy might be slightly lower than Voyager Digital's, thanks to its integration into the crypto market and its business model. And if a crypto recovery triggers the recovery of the stock (even if it's delayed a bit), it can offer over seven times growth just by re-reaching its former peak.

## Foolish takeaway

Even investors that have a healthy risk tolerance might find [crypto investing](#) dangerous right now. However, it's also the time when fortunes are made. The current crypto slump and, consequently, the fall publicly traded cryptocurrencies are experiencing right now has created opportunities for strong, marketing-beating growth. But the risk of losing it all is there as well.

### CATEGORY

1. Cryptocurrency
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:GLXY (Galaxy Digital)

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