



2 Bitcoin ETFs to Buy the Dip With

Description

The largest cryptocurrency by market cap, **Bitcoin** ([CRYPTO:BTC](#)), has declined significantly throughout 2022. After a stand-out year in 2021 that saw it hit all-time highs, Bitcoin is now down over 56% year to date, trading at around \$26,000 CAD right now.

As interest rates rose and inflation soared, investors shed risky stocks, with cryptocurrencies following closely. Volatility has remained high, with Bitcoin seemingly stuck at a key resistance level and unable to recapture its pre-2022 momentum.

However, investors who are brave and risk-tolerant enough might see the current correction as a buying opportunity. Those who have chosen to “hodl” Bitcoin for long periods of time have enjoyed strong returns as the cryptocurrency has made strong bull runs during good market conditions.

How to buy Bitcoin in a TFSA/RRSP

Traditionally, [Canadian investors have bought Bitcoin on coin exchanges](#) like Wealthsimple Crypto. However, these brokerages only offer taxable accounts for crypto, meaning that when you sell, you have to pay capital gains tax. Bummer.

An alternative is using a Bitcoin [exchange-traded fund \(ETF\)](#). These funds hold physical bitcoin in offline cold storage. When you buy shares of a Bitcoin ETF, you receive proportional exposure to the underlying Bitcoin. Best of all, these ETFs can be held in a [TFSA/RRSP](#) for tax-advantaged gains!

Bitcoin ETF options

Two fund managers in Canada, Purpose Investments and CI Global Asset Management operate the most popular Bitcoin ETFs. Their flagship funds are as follows:

1. **CI Galaxy Bitcoin ETF** ([TSX:BTCX.B](#)): 0.40% management fee, \$230 million in assets under management.

2. **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)): 1% management fee, \$620 million in assets under management.

Both ETFs are highly liquid and can be bought/sold at most brokerages. They track the price of Bitcoin quite well during regular trading hours. BTCC is more expensive, but is more popular with more assets under management. Personally, I'd use BTCX for a buy-and-hold and BTCC for day or swing-trading.

Risks of Bitcoin ETFs

The biggest risk to be aware of is high volatility. If you want to invest in Bitcoin, you have to be aware of this. Like most cryptocurrencies, the price of Bitcoin can swing heavily on an intra-day or overnight basis. Corrections of more than 5% are not uncommon. Prices can remain depressed for years on end, called a "crypto winter". Thus, Bitcoin ETFs are best suited for risk-tolerant investors.

Further, unlike Bitcoin, these ETFs do not trade 24/7. This means that after-hour and weekend fluctuations in the price of Bitcoin can leave you with sudden losses or gains at the opening bell when investing through an ETF. Be aware of these fluctuations if you're trading Bitcoin using ETFs and hold a position over the weekend, as there's no easy way to exit until the next trading day.

CATEGORY

1. Cryptocurrency
2. Investing

TICKERS GLOBAL

1. CRYPTO:BTC.? (Bitcoin.?)
2. TSX:BTCC.B (Purpose Bitcoin ETF)
3. TSX:BTCX.B (CI Galaxy Bitcoin ETF)

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Date

2025/08/13

Date Created

2022/09/10

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