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Best Bitcoin ETFs In Canada For April 2024

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Since SEC's approval of 11 U.S.-based spot Bitcoin ETFs, many different kinds of investors have suddenly taken interest in the asset class and started investing in Bitcoin through this new availability. However, what is Bitcoin ETF? Which are best Bitcoin ETFs In Canada? In this article, we will explore from following aspects

[What is a Bitcoin ETF?](#)

[Types of Bitcoin ETFs](#)

[Pros and Cons of Investing Bitcoin ETFs](#)

[Best Bitcoin ETFs In Canada For April 2024](#)

[CI Galaxy Bitcoin ETF](#)

[Purpose Bitcoin ETF](#)

[3iQ Coinshares Bitcoin ETF](#)

[Fidelity Advantage Bitcoin ETF](#)

[Conclusion](#)

What is a Bitcoin ETF?



Just like its name, a Bitcoin ETF is an exchange traded fund, but instead of tracking the performance of a basket of stocks, or being pegged to the performance of an index like the S&P 500, it is tied to the price of Bitcoin, affecting investors' fortunes as the price of Bitcoin rises and falls. In short, a Bitcoin ETF refers to a financial product that allows investors to gain exposure to the price

movement of Bitcoin without actually holding this asset itself.

Types of Bitcoin ETFs

In terms of types of Bitcoin ETFs, there are two major types of Bitcoin ETFs: spot Bitcoin ETFs and futures Bitcoin ETFs.

Spot Bitcoin ETFs: A spot Bitcoin ETF is a type of exchange-traded fund that aims to provide investors with direct exposure to the current market price of Bitcoin. A spot Bitcoin ETF typically holds actual Bitcoin as its underlying asset attempts to track the real-time price of Bitcoin as closely as possible, offering a more straightforward investment option for those seeking direct exposure to the cryptocurrency's price movements.

Futures Bitcoin ETFs: futures Bitcoin ETFs do not provide direct exposure to the actual Bitcoin asset. Instead, these ETFs invest in futures contracts, which are agreements to buy or sell Bitcoin at a future date at a predetermined price. Futures ETFs often involve higher fees and greater volatility compared to spot ETFs.

Pros and Cons of Investing Bitcoin ETFs

Before investing Bitcoin ETFs, you should be full aware of the advantages and disadvantages of this investment class, which is set as below.

Pros of Investing Bitcoin ETFs

Easy investment method: for institutional and retail investors alike, a Bitcoin ETF provides a simple, easy way to invest in Bitcoin. For the average individual, buying and holding Bitcoin requires some research and technical knowledge. However, investing Bitcoin ETF is much simpler as Investors only need to simply buy and hold shares in their brokerage or retirement accounts.

Security: traditional financial institutions provide some sense of security as they are governed by the Office of the Superintendent of Financial Institutions (OSFI). However, in the case of hack accident for a cryptocurrency exchange, there's no oversight whatsoever. What's more, large financial institutions are still largely known and trusted in Canada based on reputation alone, while cryptocurrency exchanges are still looked at with skepticism and suspicion by the mainstream.

Diversification: ETFs can hold more than one investment, giving your portfolio diversity and mitigating your investment risk across many sectors.

Cons of Investing Bitcoin ETFs

Volatility: investing in Bitcoin ETFs, whether spot or futures-based, always involves exposure to the inherent volatility of the underlying cryptocurrency. This volatility can lead to significant price fluctuations. While Bitcoin ETFs provide a more accessible methods to investing in Bitcoin, they do not protect investors from the market's high volatility.

Inaccuracy: the rise in Bitcoin's price may not be accurately reflected in a spot Bitcoin ETF because an ETF can also hold other assets in a bid to diversify an investor's portfolio. This inaccuracy can affect the investment's performance comparing to holding Bitcoin directly.

Management fees: for their convenience, Bitcoin ETFs charge management fees just like any other ETF. If investors are invested in multiple Bitcoin ETFs or ETFs in general, these costs can add up.

Regulatory uncertainty: cryptocurrency market is still changing, and changes in regulations can impact the legality, trading, and valuation of Bitcoin ETFs. For example, future regulatory developments may impact the operational aspects of these ETFs, such as custody and compliance requirements, potentially affecting their performance and accessibility.

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Best Bitcoin ETFs In Canada For April 2024

After introduce the basic knowledge about Bitcoin ETFs. Next, we will introduce four best Bitcoin ETFs in Canada based our analysis.

CI Galaxy Bitcoin ETF

Launched in March 2021, the CI Galaxy Bitcoin ETF was established by a partnership between cryptocurrency leaders Galaxy Fund Management and CI Global Asset Management. CI Galaxy Bitcoin ETF is one of the best Bitcoin ETFs in Canada due to the lowest fees of 0.4% it charges. Aiming to give investors exposure to Bitcoin via an institutional-quality fund platform, the CI Galaxy Bitcoin ETF is one of the larger Bitcoin ETFs in Canada in terms of assets under management and is one of the best performing.

Purpose Bitcoin ETF

Launched in February 2021, the Purpose Bitcoin ETF is a passively managed cryptocurrencies fund by Purpose Investments, who manage 69 other funds in Canada, with a total of \$7,375.35 million in assets under management. Purpose Bitcoin ETF is not only the oldest Canadian bitcoin ETF, but it also has the most assets under management at \$2 billion. The performance of its funds year-to-date is among the best on this list at 145.93% (FX hedged) and 148.49% (non-FX hedged). Its Management Expense Ratio (MER) is 1.49% and management fee is 1%.

3iQ Coinshares Bitcoin ETF

Launched in March 2021, the 3iQ CoinShares Bitcoin ETF tracks the price movement of Bitcoin in US dollar terms, and holds its Bitcoin assets in cold storage with no digital wallet required. This ETF comes with a management fee of 1%, which is relative higher. The 3iQ CoinShares Bitcoin ETF seeks to provide unitholders with (a) exposure to the digital currency bitcoin and the daily price movements of the U.S. dollar price of bitcoin, and (b) the opportunity for long-term capital appreciation by investing in long-term holdings of bitcoin. Currently, 3iQ Coinshares Bitcoin ETF's consensus rating is "Strong Sell" based on 0 analysts according to Zacks.

Fidelity Advantage Bitcoin ETF

Launched in November 2021, the Fidelity Advantage Bitcoin ETF is the newest Bitcoin fund compared with above-mentioned. This ETF now charged the lowest management fee for a Bitcoin ETF in Canada. This comes after Fidelity Canada ULC announced they'd be cutting the fee from 0.44% to 0.39%, in an effort to compete with the lower fees of U.S.-listed spot Bitcoin ETFs. Besides, it has fewer assets under management than other Bitcoin ETFs listed in Canada.

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Conclusion

In conclusion, investing in Bitcoin ETFs is not too difficult in Canada. However, as all investments carry risks, before making investment choice, traders are advised to make deep analysis about all information, such as management fee, share price, market condition, etc. We believe it is a good option to invest Bitcoin ETFs in Canada.

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