of name, mailing address,

Xi...

trade at the G-20 summit in

pleaded guilty to a charge

key meeting between

Bitcoin investors beware: If you invested $1,000 in 2011, you’d be a millionaire. A few months ago? You’re in the red

Published 2 hours ago | Updated 32 min ago
Annie Nova@AnnieReporter

Key Points

- Bitcoin is trading at around $4,000, a steep drop from its all-time high of nearly $20,000 in December 2017, according to data from CoinDesk.
- As for those who’ve stayed on the sidelines of investing in bitcoin, now might the best time to get in, said Ric Edelman, founder and executive chairman of Edelman Financial Services.
- Yet any bitcoin investor needs to be prepared to lose everything he or she puts in, he said.
If you invested $1,000 in bitcoin in 2011, now you have $4 million.

If you invested $1,000 in bitcoin in 2011, now you have $4 million

Nhat Nguyen | AFP | Getty Images

If you were reluctant about investing in bitcoin before, you’ve probably completely given up on the idea now.

The cryptocurrency is trading at around $4,000, a steep drop from its all-time high of nearly $20,000 last December, according to data from CoinDesk.

Investors looking for clues on how to move forward are likely to find themselves puzzled.

The U.S. Justice Department is investigating whether last year’s rally was a product of market manipulation. Meanwhile, Nasdaq plans to launch bitcoin futures as early as next year.

The bottom line is that any bitcoin investor needs to be prepared to lose everything he or she puts in, said Ric Edelman, founder and executive chairman of Edelman Financial Services.

“You need to invest with two attitudes: that you’re going to hold it for years, even decades and that volatility is an inherent element of the asset,” Edelman said.

If you invested $1,000 in bitcoin in...

Assumes investment was made on Jan. 1 of each year

<table>
<thead>
<tr>
<th>Year</th>
<th>What you’d have today</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$4,281,220</td>
</tr>
<tr>
<td>2012</td>
<td>$856,244</td>
</tr>
<tr>
<td>2013</td>
<td>$323,844</td>
</tr>
<tr>
<td>2014</td>
<td>$5,676</td>
</tr>
<tr>
<td>2015</td>
<td>$13,642</td>
</tr>
<tr>
<td>2016</td>
<td>$9,868</td>
</tr>
<tr>
<td>2017</td>
<td>$4,290</td>
</tr>
<tr>
<td>2018</td>
<td>$318</td>
</tr>
</tbody>
</table>

Source: Campbell R. Harvey, Duke University

Bitcoin is up 428,022 percent from Jan. 1, 2011. For comparison, the cumulative return of $1,000 in the S&P 500 since 2011, including the reinvestment of dividends, is around 157 percent.

Yet bitcoin is down 68 percent since Jan. 1, 2018. Bitcoin’s worst day in 2018 is equivalent to a 4,000-point plunge in the Dow Jones Industrial Average, said Campbell R. Harvey, a professor at Duke’s business school.

Harvey also compared the ups and downs of bitcoin with more mainstream investments. (BTC is the symbol for bitcoin.)
You shouldn’t put money into cryptocurrencies hoping to replicate the returns enjoyed by those who got in early, said Aswath Damodaran, professor of finance at the Stern School of Business at New York University.

“You would have staggering returns on Beanie Babies and Pokemon cards as well, at their peak, but imagine what your portfolio would look like today, if you had put your pension fund into them,” he said.

As for those who’ve stayed on the sidelines of bitcoin, Edelman said, now might the best time to get in. The key to successful investing is to buy low, and sell high, he said, even if investors often do the opposite.

“People were thrilled to buy bitcoin at $19,000 last year,” he said. “Those same people don’t want to buy bitcoin at $4,000.”

More from Personal Finance

How to avoid getting hacked on Cyber Monday.
Here’s one way to give your kids a jump-start on their future.
Some taxpayers who tie the knot still face the ‘marriage penalty’.

WATCH: This bitcoin exchange wants to build 100 schools in Africa

Related Tags

- Bitcoin
- Dow Industrials
- Bitcoin/US Dollar FX Spot Rate
- S&P 500 Index
- Personal loans

Trending Now

1. Audi just unveiled its challenge to the Tesla Model S
2. Amazon has a new way to record HD TV shows even if you don’t pay for cable — here’s how it works

3. Top Supreme Court lawyer: Whitaker appointment as acting AG has created a ‘constitutional crisis’

4. Cohen pleads guilty to lying to Congress about Trump Tower project in Moscow, cuts deal with Mueller

5. Trump cancels G-20 meeting with Putin, citing Ukraine crisis; follows Cohen plea in Russia probe

MORE FROM CNBC

You can retire and live on the beach for $3,000 a month in these foreign cities

Tim Cook wakes up at 4 a.m.— here’s the rest of the morning routine that sets him up for success

Here’s the buyout GM offered before announcing 14,000 job cuts

4 things you should never buy on Amazon

FROM THE WEB

The Highest Paying Cashback Card Has Hit The Market

Develop with Machine Learning in the Language of Your Choice

Consider the Acura TLX - Compare Sedans Side by Side
Don't spend more than this on housing, warns money expert

Mattress Firm is the latest retailer to go bankrupt. Here are others that went bust this year.
Got a confidential news tip? We want to hear from you.

CNBC Newsletters

Sign up for free newsletters and get more CNBC delivered to your inbox

Get this delivered to your inbox, and more info about our products and services. Privacy Policy.

© 2018 CNBC LLC. All Rights Reserved. A Division of NBCUniversal

Data is a real-time snapshot *Data is delayed at least 15 minutes. Global Business and Financial News, Stock Quotes, and Market Data and Analysis.

Data also provided by