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## 'There are fortunes made in crypto': Why Jim Cramer recommends buying bitcoin or ethereum—with one caveat

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Here's why Jim Cramer invests in crypto

Jim Cramer, host of CNBC's "Mad Money" and [Investing Club](#), is a "believer" in cryptocurrencies, but only as a speculative investment that's a small part of your portfolio — less than 5%.

"I can't tell you not to own crypto; I own ethereum," Cramer tells CNBC Make It.



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ethereum, so I researched it, and it's got some qualities I like."

Cramer argues that crypto's long-term value "is its timeliness" as a decentralized, peer-to-peer currency that could be widely adopted over time. He recommends bitcoin and ethereum, which have the largest followings and "seem the most legitimate."

Owning crypto can also be a good short-term bet that takes advantage of the momentum from swings in its price, especially since there are many enthusiastic investors in the space who are willing to "buy high," he says.

However, there's a catch: "You must admit that it's speculative" and know your bet might not pay off. As with any investment, past performance is no guarantee of future returns.

The [recent downturn](#) in the crypto market underscores this risk, as there's no way of knowing how much crypto might decline in value. This is why experts typically advise investors only put in as much money as they're comfortable losing.

Because of these risks, Cramer says you should never borrow money to own crypto: "Borrow for your house, borrow for your car — but don't borrow for crypto."

Crypto should also be treated differently than safer long-term investments, like blue-chip stocks. "Don't put it in the Procter & Gamble class. It's not Coca-Cola, it's not Apple," he says.

Cramer recommends allocating no more than 5% of your investments to crypto, as well as up to 5% in gold, another speculative investment.

Despite the inherent risks in owning crypto, Cramer says he would never discourage someone from investing because of "all the fortunes that have been made in it." He also believes it's possible for a whole new group of people to still make fortunes in it, too.

"I'd like that to be you," he says.



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