

Introduction to CryptoCurrency Trading

How to Get Started!

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CRYPTOCURRENCY.UNCOMPLICATED.



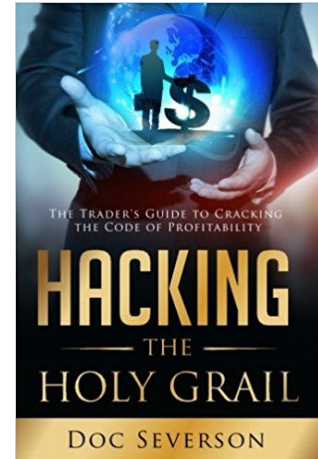
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Doc Severson



- Industry-recognized trading educator
- 22 years trading experience
- Trading mentor past 13 years
- Co-founder ReadySetCrypto
- Author of “Hacking the Holy Grail” on Amazon



Charlie “Mav” Severson

- Financial transactions/banking tech expert
- Computer Science background
- Youtuber with a mission to teach crypto
- Co-Founder ReadySetCrypto
- Eagle Scout
- Grew his crypto portfolio 2200% in 2017



Agenda

- **Part One** - What Is Cryptocurrency & Why Are We Investing In It?
- **Part Two** - Building a Professional Approach to Investing...and How Do You Get Started the Right Way?
- **Part Three** - Tools & Trades & Hands-on Demonstrations

WIIFM? What Will You Gain From This?

- An understanding of why the cryptocurrency market offers such incredible opportunity in the next few years and beyond.
- The different types of crypto opportunities.
- How to structure and execute your crypto trading like a professional.
- The right and wrong ways to set up your portfolio.
- How to keep your assets secure.
- What tools to use to invest in crypto.
- How to send coins to alt-brokers.
- Everything that you need to know to get started in a safe, risk-managed manner that will get you going with maximum safety.

What is CryptoCurrency?

Charlie Severson



Intro

Humans are the networked species

What Are Networks?

Networks allow us to cooperate when we would otherwise go it alone.

Networks allocate the fruits of our cooperation.

Overlapping networks create and organize our society. Physical, digital, and mental roads connecting us all

Networks must be organized according to rules. They require Rulers to enforce these rules.

Additionally, networks have "network effects."

Adding a new participant increases the value of the network for all existing participants.

Network effects thus create a winner-take-all dynamic.

Market Networks

Open AND meritocratic.

Merit in markets is determined by a commitment of resources.

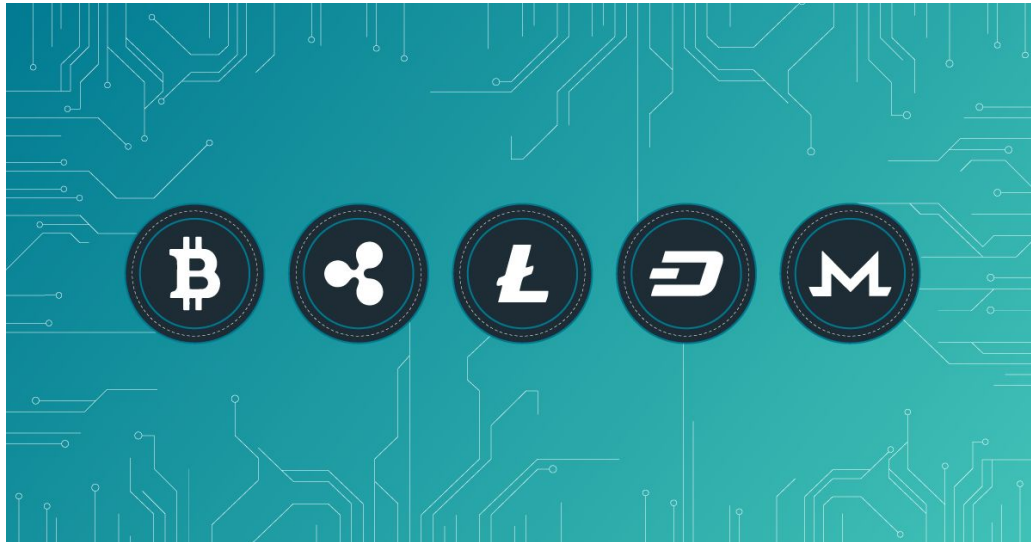
The resource is money, a form of frozen and tradeable time.

Market networks work where there is a commitment of money.

Otherwise they are just mob networks. The applications are limited.

CryptoCurrency

Cryptocurrencies are a new invention that are open and don't need a ruler because the network itself enforces the rules



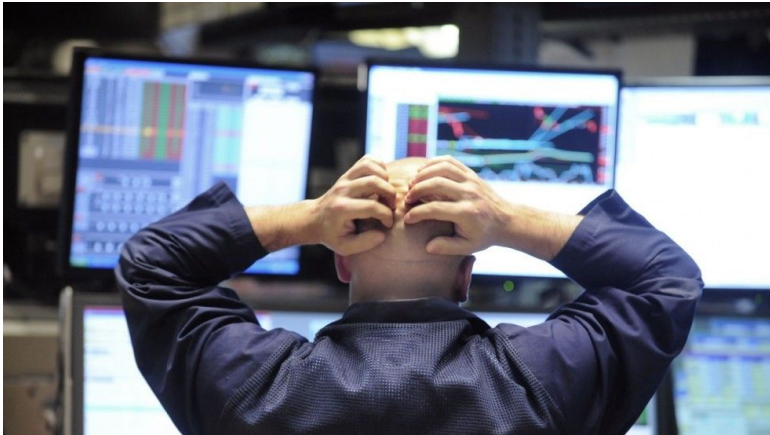
Between September and November of 2008, four major events happened:

On September 14th, Bank of America agreed to buy Merrill Lynch in an all-stock deal worth \$50 billion

On September 15th, Lehman Brothers filed for bankruptcy

On October 3rd, the Troubled Asset Relief Program (TARP) is signed into law by President Bush

On October 31st, an unknown person named Satoshi Nakamoto published a white paper detailing a payment system that would be independent of any government, institution, or bank. He named it Bitcoin, the world's first cryptocurrency.



“We have proposed a system for electronic transactions without relying on trust”

- Satoshi Nakamoto, Founder of Bitcoin

The early days of Bitcoin and Cryptocurrency

Satoshi's Bitcoin was a direct response to the 2008 financial crisis.

Satoshi vanished in 2010, removing the single point of failure.



Wall Street, on the other hand, suffered from many points of failure

While Wall Street as we knew it was experiencing an expensive death, Bitcoin's birth cost the world nothing. It was born as an open-source technology and quickly abandoned like a motherless babe in the world.

Perhaps, if the global financial system had been healthier, there would have been less of a community to support Bitcoin, which ultimately allowed it to grow into the robust and cantankerous toddler that it currently is.

Welcome To The
World That Bitcoin
Created



The later days of Bitcoin and Cryptocurrency

Bitcoin has unleashed a tidal wave of disruption and rethinking of global financial and technological systems.

Countless derivations of Bitcoin have been created all of which rely on blockchain technology, Satoshi's gift to the world.

This is both a very confusing space as well as a very exciting space, because the rules and history are being written as we speak



Bitcoin

Bitcoin is a digital “cryptocurrency” created as a response to the 2008 financial crisis.

Bitcoins are “mined” by computers running complex mathematical problems.

In doing so, these computers secure the network, acting as the nodes on the blockchain.

Bitcoin has superior fraud protection and network resilience compared to more traditional systems.

The engine running Bitcoin is one of the most important innovations and inventions of this century: The Blockchain.



Blockchain

The blockchain enables cryptocurrencies to be decentralized and independent.

The blockchain is made up of thousands of computers, or nodes, which act to secure the network.



The blockchain offers a distributed ledger where every node on the network contains the entire transaction history.

Blockchains do not have a single point of failure because they are distributed.

In order to maliciously attack a blockchain, a hacker would need to control 51% of the computing power on the network.

Bitcoin's underlying blockchain is a distributed, cryptographic, and immutable database that uses proof-of-work to keep the ecosystem in sync.

Distributed

Distributed refers to the way in which computers access and maintain the blockchain.

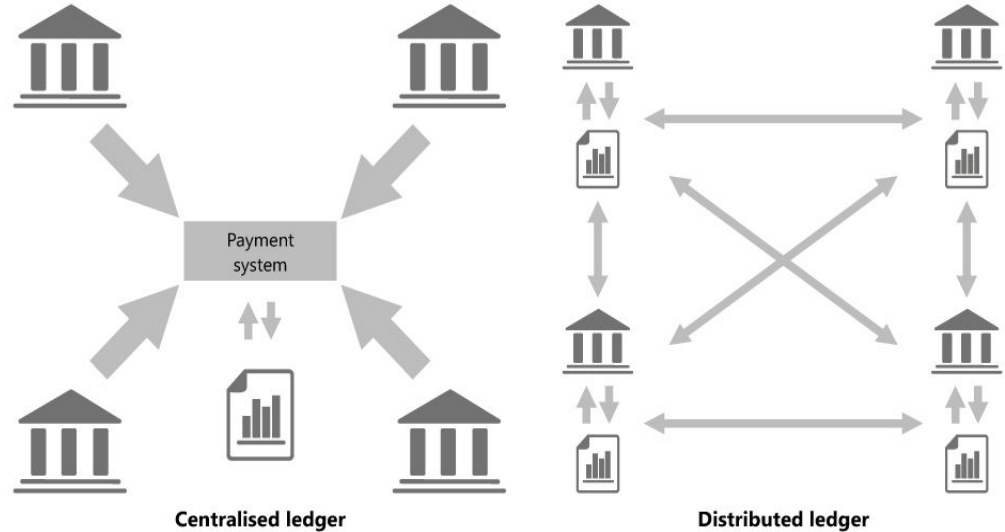
Unlike most databases that rigidly control who can access the information within, any computer in the world can access the blockchain.

Since anyone anywhere can tap into Bitcoin's blockchain to see the record of debits and credits between different accounts, it creates a system of global trust.

Everything is transparent, so everyone is on a level playing field

Distributed ledger system

Graph A



Source: Santander InnoVentures (2015).

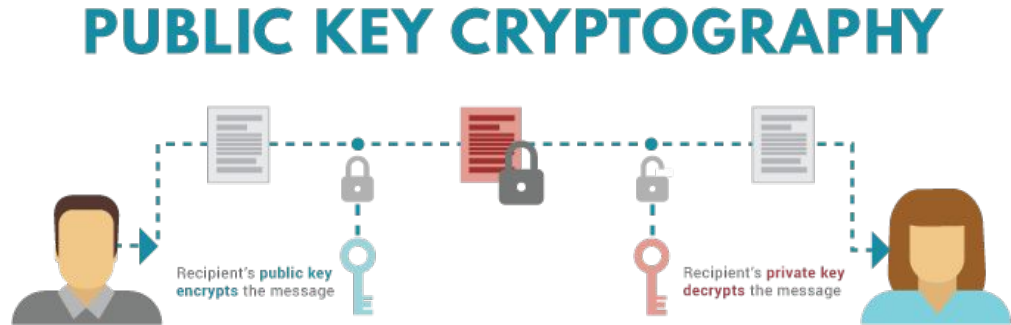
Cryptographic

Every transaction recorded in Bitcoin's blockchain must be cryptographically verified to ensure that people trying to send bitcoin actually own the bitcoin they're trying to send.

Transactions are not added one at a time, but instead in "blocks" that are "chained" together, hence the term blockchain.

Cryptography allows the computers building Bitcoin's blockchain to collaborate in an automated system of mathematical trust.

There is no subjectivity as to whether a transaction is confirmed in Bitcoin's blockchain: it's just math

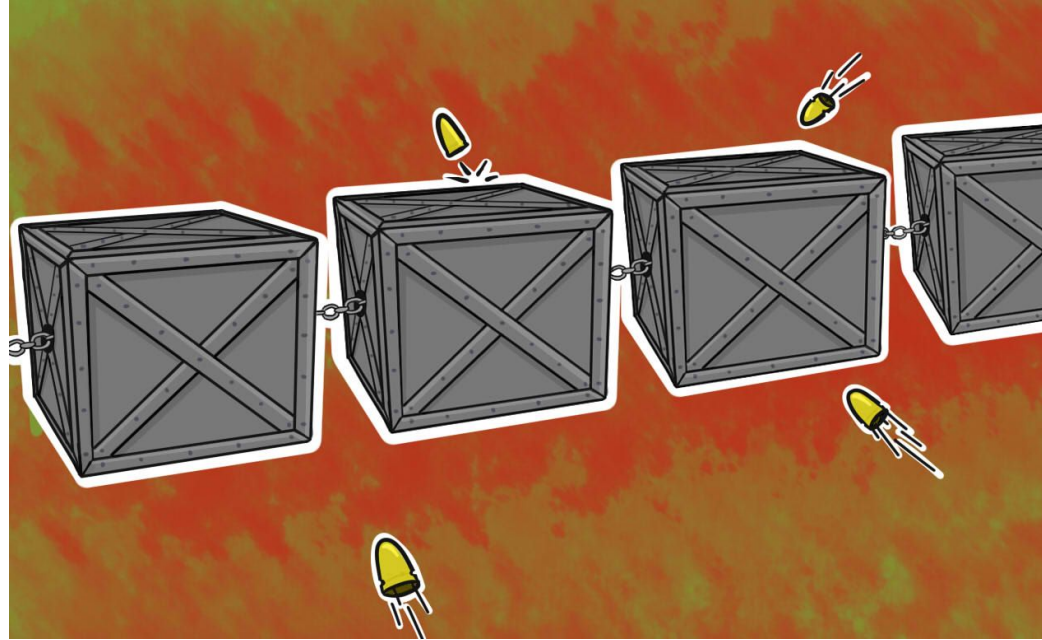


Immutable

Computers building Bitcoin's blockchain can only do so in an append only fashion. Append only means that information can only be added to Bitcoin's blockchain over time but cannot be deleted.

Once information is confirmed in Bitcoin's blockchain, it's permanent and cannot be erased.

Immutability is a rare feature in a digital world where things can easily be erased, and it will likely become an increasingly valuable attribute for Bitcoin over time.



Proof Of Work (PoW)

How the distributed computers agree on which group of transactions will be appended to Bitcoin's blockchain next.

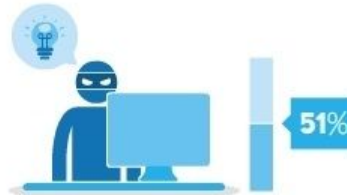
The computers—or miners as they're called—use PoW to compete with one another to get the privilege to add blocks of transactions to Bitcoin's blockchain, which is how transactions are confirmed. Each time miners add a block, they get paid in bitcoin for doing so, which is why they choose to compete in the first place.

Competition for a financial reward is also what keeps Bitcoin's blockchain secure.

PROOF-OF-WORK



THE PROBABILITY OF MINING A BLOCK IS DEPENDENT ON HOW MUCH WORK IS DONE BY THE MINER



PAYOUTS BECOMES SMALLER AND SMALLER FOR BITCOIN MINERS, THERE IS LESS INCENTIVE TO AVOID A 51% ATTACK



POW SYSTEMS HAVE POWERFUL MINING COMMUNITIES - BUT TEND TO BECOME CENTRALIZED OVER TIME

OR

PROOF-OF-STAKE



PERSON CAN "MINE" DEPENDING ON HOW MANY COINS THEY HOLD



THE POS SYSTEMS MAKES ANY 51% ATTACK MORE EXPENSIVE



POS SYSTEMS ARE MORE DECENTRALIZED - BUT MUST WORK HARD TO BUILD COMMUNITIES AROUND THEIR COINS

All that being said . . .

Don't get hung up on the details!

If your intention is to invest in cryptocurrencies, it's much more salient to understand what cryptocurrencies are doing with the blockchain.

Sort of akin to how you don't need to understand how the internet works and all the minutiae that goes into making it work to invest in Google or Facebook or Amazon.



CryptoCurrency

A new kind of money.

The first decentralized electronic currency not controlled by a single organization or government.

No middle man, no bank, no credit card companies in between taking fees at every step in a transaction.

Cryptocurrency is the first digital currency that is completely distributed.

Decentralization is the basis for cryptocurrency's security and freedom.

Cryptocurrency is as open as it is secure.



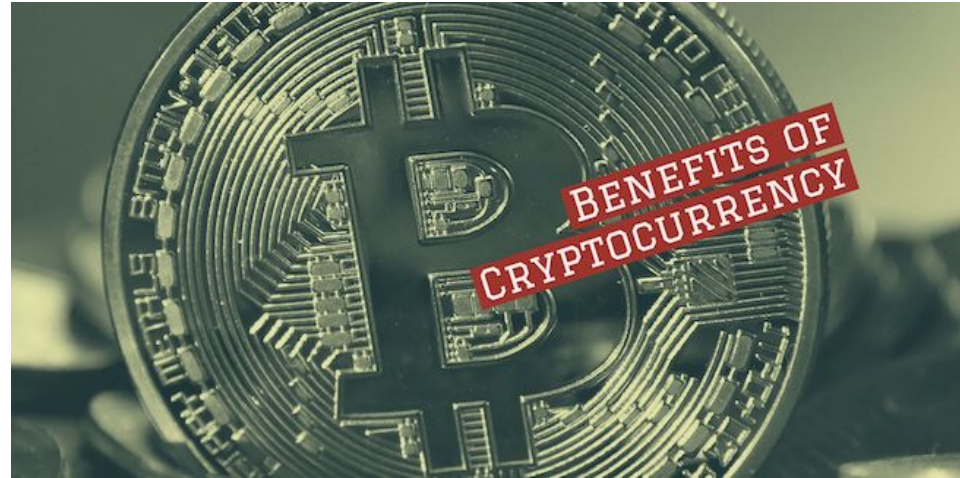
CryptoCurrencies are more secure and efficient
than traditional government issued currencies

CryptoCurrency continued

The benefits of using cryptocurrencies will drive adoption in the same way computers were adopted.

Cryptocurrency is also changing finance in the same way the web changed communication.

When everyone has access to a free and fair global market, great ideas flourish.



Paradigm Shifts

Paradigm shifts are occurring on an ever-increasing basis in society, not only on a political basis but also in the financial world as well.

We live in a world of accelerating change; If you do not embrace the change, then you'll be left behind.

At first there is resistance, everyone believes that it's just a fad.

But eventually the tipping point hits, and this new thing becomes accepted, as if everyone believed in it all along.



Paradigm Shifts related to CryptoCurrencies

Right now if you want to send money to someone, anywhere in the world, there is a complex series of transactions that have to occur from you to your bank, between banks, and eventually to your recipient.

Everyone along the chain gets a small piece of this transaction, increasing costs, complexity, and time. It can take several days to execute a fund transfer to someone in another country

This is the paradigm shift that is occurring with cryptocurrency: it's faster, cheaper, and gives you total control of your money.

... and this is one application of thousands possible with cryptocurrencies!

You will see an explosion of new businesses built around the blockchain that will be part of the "second wave" of the crypto investing cycle.

Why do I need to pay attention
to CryptoCurrency?

1. Return On Investment

While it's easy to feel like you've missed the boat, you still have a massive opportunity to get into this space while others are dismissive or apathetic.

Many (new!) cryptocurrencies once traded for a fraction of their current worth.

There are opportunities like this everywhere in crypto, and new crypto millionaires are being made every day, not strictly with Bitcoin anymore.

The opportunities within cryptocurrency are very much alive and possible today.

The screenshot shows the 'ROI SINCE ICO' section of the ICOStats website. The table lists various ICOs with their names, change percentages, ICO dates, ICO prices, and current prices. The 'CHANGE (%)' column is highlighted in green, indicating positive returns for all listed ICOs.

NAME	CHANGE (%)	ICO DATE	ICO PRICE	CURR. PRICE
Stratis	+62846.43%	06/20/16	\$ 0.007	\$ 4.406
Storj	+5546.99%	07/18/14	\$ 0.010	\$ 0.565
Golem	+4163.29%	11/1/16	\$ 0.010	\$ 0.426
Augur	+3649.13%	08/01/15	\$ 0.600	\$ 22.495
Antshares	+3246.13%	10/01/15	\$ 0.030	\$ 1.004
Etheroll	+2780.03%	02/13/17	\$ 0.069	\$ 1.987
DigixDAO	+2268.28%	03/01/16	\$ 3.240	\$ 76.732
Ark	+2245.76%	11/07/16	\$ 0.010	\$ 0.235
Swarm City	+2175.53%	11/01/16	\$ 0.088	\$ 2.002

2. Currency Hedge

Never before in our history has monetary policy been as ubiquitous as it is today.

Banks are “too big to fail,” and every major sovereign country is printing money to keep their economies afloat.

With no government or institution able to control cryptocurrencies, it's easy to look at crypto as a free market alternative to the government's monopoly on money.

Bitcoin was born out of the 2008 financial crisis, so we've never seen cryptocurrency weather a recession, but it's very possible that this new asset class will be used as a hedge against fiat currency in such a time, akin to a digital gold.



3. Privacy & Security

Because cryptocurrencies operate with cutting-edge cryptography, they are many more times secure at transacting value than their government counterpart.

Clearly, there are severe flaws in the way we store and transact value today, and while cryptocurrency isn't the miracle solution, it does alleviate some of the concerns.

Privatization of your money is the ultimate form of security and privacy for investors today.



4. Freedom from the Banks

Today's banks are heavily regulated by the government. This creates situations such as limits on how much of your own money you can withdraw.

The cryptocurrency market is always open, and you're able to interact with your money 24/7, 365 days of the year.

Email let us send letters for free, anywhere in the world. Skype lets us make phone and video calls for free, anywhere in the world. Now there's cryptocurrency. Cryptocurrency lets you send money to anyone online fast and for a truly miniscule fee.

With cryptocurrency you can send thousands, even millions of dollars worth of value to someone else on the other side of the world in minutes for pennies in fees.



Leverage CryptoCurrency as an investment

Because cryptocurrencies are made from code, they do not operate under the same rules that dictate fiat currencies (which are your traditional government-issued currencies).

Bitcoin, on the other hand, is divisible to the 8th decimal place, allowing you to own 1/100,000,000 of a Bitcoin.

You don't have to buy an entire Bitcoin in order to invest in Bitcoin. You can buy the equivalent of \$1 of Bitcoin, and that would be completely acceptable.

Even if you only have \$100 to invest, you can still build a solid mutual fund of the biggest cryptocurrencies out there.

Altcoins, short for Alternative Coins, are an alternative to Bitcoin and are cryptocurrencies that leverage the blockchain technology in new and exciting ways.

Altcoins are highly speculative as you have the ability to invest in coins that are worth \$0.1 today and could be \$10 tomorrow.



What's next for CryptoCurrency?

Everyone who gets into this space wonders if they missed the boat, or they're getting in right at the top.

You didn't, and you're not

What cannot be disputed is that cryptocurrencies are an innovation over current monetary systems.

They have a lot of maturing to do before they truly compete with current systems, but that's your opportunity, to get in before they are mainstream.

The Future is 
Cryptocurrency

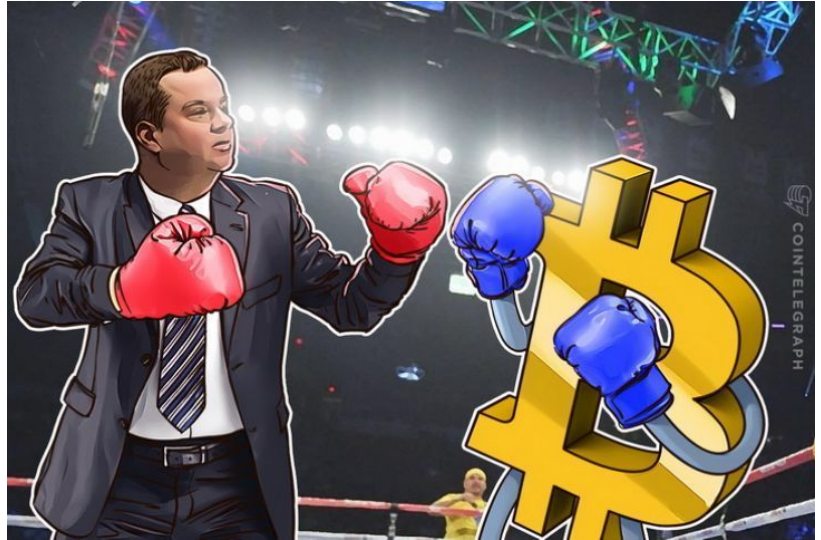
Will it be banned?

People who are bearish on cryptocurrencies either look at it from the monetary position, in that it's a bubble, or they look at it from a legal standpoint.

Banning cryptocurrencies is an interesting regulatory dilemma because no one country owns cryptocurrencies, so one country's regulations are only bound within its borders.

Some countries will seek to regulate cryptocurrencies more so than others

We do not believe the cryptocurrency market will mature for a few years, so there's still time to take advantage of high volatility and invest in cryptocurrencies that will likely rise many times over in price over the years.



Is it a bubble?

While many indicators point to Bitcoin and cryptocurrencies being in a bubble, declaring them a bubble is only half the story.

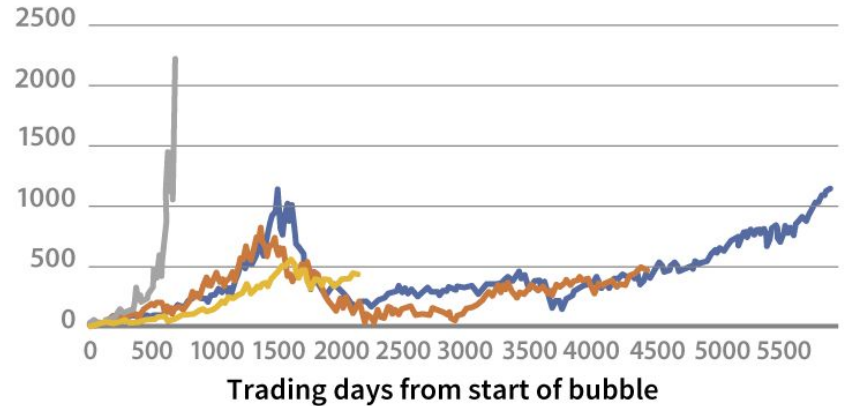
After a bubble pop comes the real working ideas.

When the Internet bubble burst many of today's marquee companies saw their stocks crash 85%. Yet they survived and the best was yet to come. Amazon and Google went on to dominate the world.

The bubble burst is just the next step. Three years after that the tech will really mature and take off running.

Major bubbles since 1990 vs. Bitcoin

% change from start of bubble



● Technology (since 1994)

● Homebuilders (since 2000)

● Bitcoin (since 2015)

● Biotech (since 2009)

Source: Bloomberg, Bespoke Investment Group

Why do CryptoCurrencies have value?

Since 1971, the US Dollar no longer represents how much gold that it can buy, so technically it has no intrinsic value anymore.

The dollar is not based on any hard asset, it's based on perceived value in the stability and economic power of the US government and economy, or put another way, it's based on the faith that the US will be able to collect enough taxes to stay running!

This is why we call it Fiat Currency. Fiat is latin for let it be so.

Compare this against the blockchain. The blockchain is an open, decentralized, distributed ledger that is inherently secure and immutable.

This allows financial transactions to go through regardless of the economic viability of the sovereignty that they were founded in, essentially separating a financial transaction from the nation of origin.

Why do CryptoCurrencies have value? cont.

The first value that we can spot is that transactions are conducted outside of the functioning mechanisms of sovereign currencies, so a financial crash will not affect the ability to transfer value between two parties.

With a limited supply ceiling, Bitcoin is being valued as “digital gold” and that means that as the supply of bitcoins runs thin, each bitcoin would carry a higher value due to scarcity.

People are not used to thinking about a digital asset being scarce, which is one of the paradigms that has changed.

Money Comparison	Banknotes	Digital Fiat	Crypto
Medium of exchange	✓	✓✓	✓✓✓
Unit of account	✓✓✓	✓✓✓	✓✓✓
Store of value	✗	✗	✓✓✓
Durability	✓	✓✓✓	✓✓✓
Divisibility	✓	✓✓✓	✓✓✓
Portability	✓	✓✓	✓✓✓
Acceptability	✓✓✓	✓✓✓	✓✓✓
Usability	✓	✓	✓✓
Limited Supply	✗	✗	✓✓✓

Assumptions: *World economic model and political system remain relatively constant, *Cryptocurrency market cap expands to mainstream size.

Why do CryptoCurrencies have value? cont.

One of the great innovations of Bitcoin is that it made something that was natively digital into property that you can own.

The result is that something that is digital can now be limited, it has counterfeit protection, and it can act as property.

Because it is the first piece of digital property, again, a new paradigm, you can think of it as the first piece of digital real estate, like beachfront property with limited supply, and when people realized that there will only ever be 21 million bitcoins, they decided that they wanted a piece of that property.



Section Recap

What are Networks?

What is CryptoCurrency?

What is the Blockchain?

What is Bitcoin?

Why do I need to pay attention to CryptoCurrency?

What's next for CryptoCurrency?

Why do CryptoCurrencies have value?

Break Time - Questions?

Building a Professional Trading Approach

Doc Severson

Let's talk about how *most*
investors get started putting
capital to work with the **ten**
steps of investor
development....

Stage 1) Interest and excitement

Something gets on your radar, and the next thing that you notice you see this EVERYWHERE. Suddenly you're searching for everything that you can about and you're seeing personal interest stories about how people are getting instantly rich. You're HOOKED and you want in NOW!

Bitcoin surpasses \$10,000 for the first time

- The digital currency hit \$10,000, according to CoinDesk, marking an exponential ascent from 6 cents seven years ago and less than \$1,000 at the start of this year.
- Since bitcoin's market capitalization is less than \$200 billion, enthusiasts point out the digital currency could rise dramatically if it draws even a tiny fraction of the world's \$200 trillion in traditional financial market assets.

Evelyn Cheng | @chengevelyn

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Yoshikazu Tsuno | AFP | Getty Images

A member of bitcoin trading club poses with bitcoin medals at the club's meeting in Tokyo.

The waiting is the hardest part...you sign up for a fiat broker, you scan all sorts of identification and submit it, where it's promptly rejected 5x before they accept it, then you transfer your money and wait.

Meanwhile, the train has left the station without you. You are desperate to join in!

Stage 2) The Chase



Stage 3) You're In!



Finally you're on board! It took way too long, but you're finally on board with a live position.

You just entered a coin that you had heard about because everyone was talking about it.

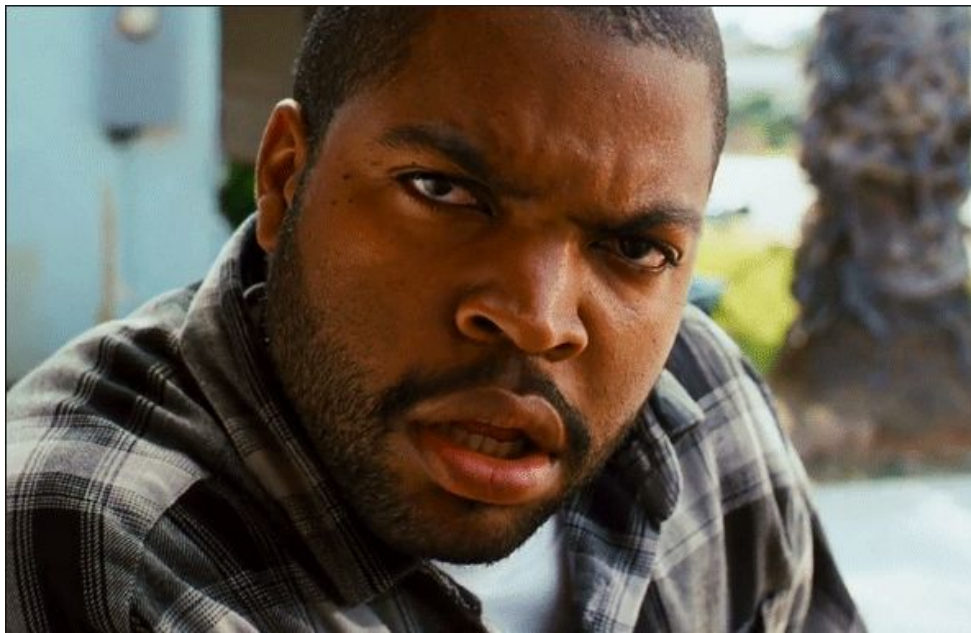
You think it will do well because you have no reason to think that it will do otherwise...

SEP
11



Bought Bitcoin
Using USD Wallet

+0.04665711 BTC



What. Is. Happening?

The price is down 30%

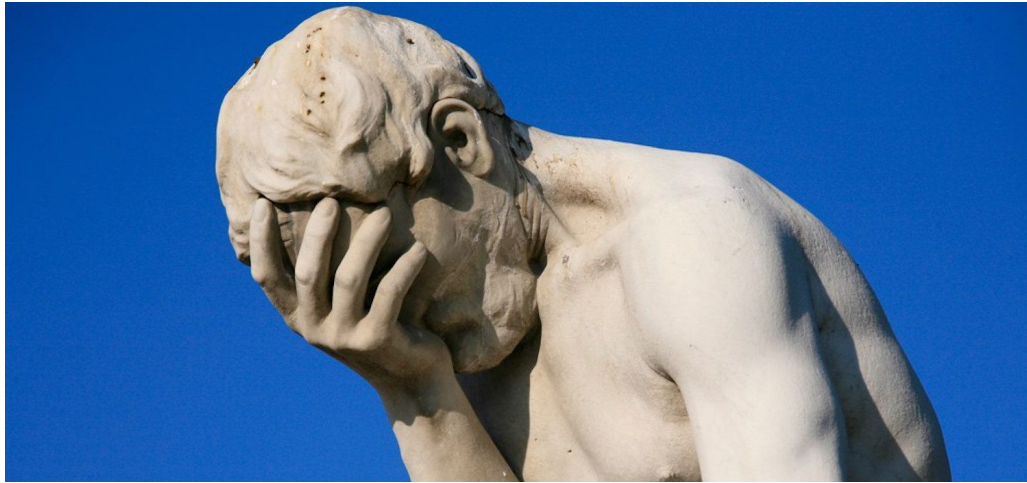
This. Cannot. Be. Happening.

Who can I blame for this? Someone else!

Stage 4) What the...



Stage 5) The Quit.



Enough is enough.

Gotta save what I can before it goes to zero.

You sell out at the bottom.



Stage 6) Anger and Disillusionment

You tell anyone and everyone within earshot that Bitcoin/Crypto/Markets are a scam, a ponzi scheme, a pyramid scheme, or anything else that you can think of at the time.

Yet you're mostly disappointed in yourself.

Stage 7) You're back....



You tip-toe back into the market, more wary this time. You don't tell anyone.

You look to trade "not to lose" instead of "trading to win."

You're ashamed of your earlier losses because you know you allowed it to happen to yourself.



Stage 8) Analysis Paralysis

Analysis Paralysis

over-analyzing (or over-thinking)
a situation so that a decision or
action is never taken.

You think the answer is more charts, more analysis, watching more youtube videos, more coin programs, more gurus, more of everything.

But you keep missing out on coins that launch, because the trade doesn't "feel good."

Stage 9) Breakthrough

You realize that YOU are the opponent, not the market.

It's **your** beliefs, impatience, wanting to trade with the crowd, intolerance of risk, acceptance of common information, etc which is leading to your poor performance.

It was all about YOU not having a professional approach!

You get it together and start applying yourself with renewed vigor...



Stage 10) Self-Actualization



The Market comes to **YOU** now, you never chase after it. You do your own research. You study your reactions and fight the urge for safety. You never go along with others. You execute tight risk controls, you know why you are investing in every single asset, and you know what your exits are ahead of time.

You are now investing like a professional and the results speak for themselves. You are crushing it. You are actualizing your potential!

So...where were YOU on this scale?

(hint: most overestimate the level they're at!)

Investing Success is at least 90% “Mental”

- Most plunge into this venture as if it's a game.
- ...but the rules are unlike anything that you've played before.
- What I've found is that NO ONE speaks to the mental side in this biz
- But if you neglect its importance, sooner or later you'll dig into this.
- If you find yourself making decisions that you cannot explain later...
- Then your subconscious mind is trying to “protect” you when you take risk.
- Let's talk about **risk** for a minute...

Since we're old enough to move on our own we've been taught to avoid risk.



Avoiding Risk.....

- Don't play in the street, wear a helmet, don't hang with Johnny....
- Stay away from that boy/girl, they are dangerous...
- Take the safe job, look in Consumer Reports for the safe buys.
- We make nearly EVERY decision in our lives looking to AVOID risk!
- So suddenly you decide to invest on your own...what will you do?
- Of course, you will look to AVOID RISK.
- Many bought into crypto when it was skyrocketing because the impression that it gave was that it was NO RISK.

But without risk, there is no reward. (or very little)



So we have to learn to *embrace* risk...but at the same time, *manage and control* it.

More on this later...

We also have to learn to take the trades that do not
“feel” good at the time.

*“We simply attempt to be fearful when
others are greedy and to be greedy only
when others are fearful “*

Warren Buffett (master-level investor and hater of Bitcoin)

Investing vs. Gambling

- Gambling casinos have a statistical “edge” that they must enforce through law and discipline.
- Individual gamblers cannot maintain an edge during a game or they’ll be shown the door.
- Investors are allowed to maintain a statistical edge in the marketplace that they trade.
- The problem is that few are able to identify, and then maintain their statistical edge.
- Trading the crypto market is not gambling, but in the manner that most do it (without edge) it becomes less than a coin flip probability.

So how can we fix all of these problems of risk intolerance, lack of edge, and mental liabilities of investing? How can we become “pro?”



We will start with the Investor's Business Plan!



- Goals and Objectives
- Budget for education
- What we'll trade.
- How we'll trade it.
- How we'll fund it.
- How we'll enter and exit.
- Define criteria for risk.
- Normally I break these into "Business" and "Trading" plans.

Sample Business Plan - Page 1

Brief

In order to capitalize on short-term crypto opportunities, MyCompanyHere LLC seeks to dedicate a portion of risk capital for the purpose of taking short-term trades in the cryptocurrency markets.

The purpose of this venture will be realized over stages:

- 1) Develop a system that provides a demonstrated edge and creates a positive expectancy
- 2) Begin trading minimum \$100 fixed-risk positions and double the account size.
- 3) Attain exponential growth while maintaining similar expectancy.

Sample Business Plan - Page 2

Trading Plan

The Trading Plan will be generated & maintained separately, but in general will be based around establishing fixed-risk positions from trade ideas presented by the ReadySetCrypto premium newsletter.

Funding

Initial funding for this project will be \$5000 from my E*Trade account which I'm liquidating assets in and closing down, then funding through a bank transfer over to Coinbase.

Sample Business Plan - Page 3

Environment and Equipment

I will use my existing workstation PC, my travel laptop, plus my smartphone. I will use the smartphone as more of a portfolio monitor with Blockfolio and will not initiate trades with it. I will use Google Authenticator on my smartphone for 2FA on all of my broker accounts. No additional capital funding for equipment and services is necessary for this year.

Education and Budgeting

I will budget a capital expenditure of \$1500 to add cryptocurrency knowledge/expertise to this venture. This can be a combination of static and recurring costs but needs to fit within the budget cap.

Sample Business Plan - Page 4

Stage One Trading

The key for stage one trading is to design and build the actual trading system. The whole point behind this stage is to create a trading plan that can be followed without exception, one that creates at least a 1.5 profit factor with a 70% win rate. This stage will be traded using fixed risk positions amounting to \$50 per trade. Once I accomplish this performance figure after a minimum sample size of 10 trades, I will move to Stage Two.

Stage Two Trading

The purpose of stage two is to move into 2% fixed risk positions and to double the account size. Should the account capital move below \$5,000 I will move back to Stage One and diagnose the root cause of the negative performance.

Stage Three Trading

The purpose of stage three is to begin trading with fixed ratio position sizing to accelerate the account growth curve while maintaining a minimum 1.5 profit factor. Should the account capital move below \$10,000 I will move back to Stage Two and diagnose the root cause of the negative performance.

Sample Business Plan - Page 5

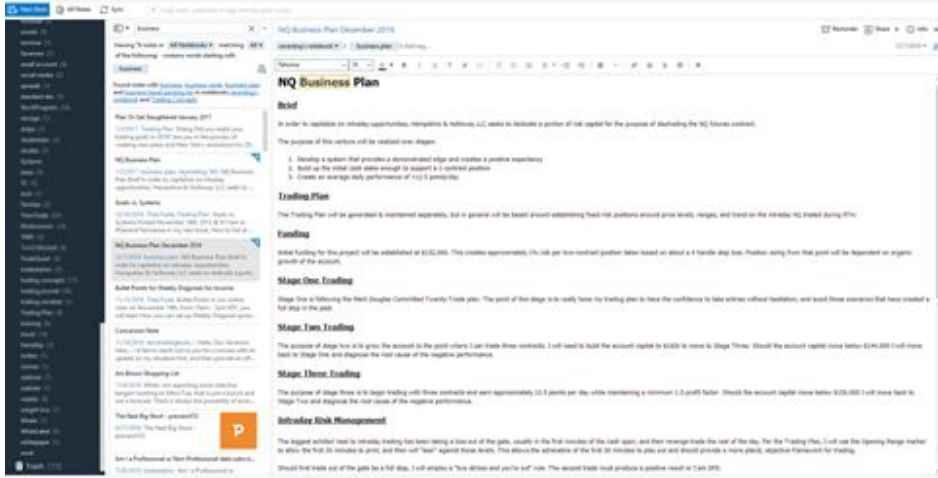
Risk Management

Each position will assume a “fixed risk” stance and will assume to either hit the profit target or go to zero. I will hold a non-performing position a maximum of 2 months before liquidating it and returning that capital to the pool.

Plan Maintenance

Every trade must be documented in Evernote via screenshot and quick performance recap showing direction and result of each trade. I will create a pareto analysis grid to track the adherence of each trade to the trading plan, with the point of identifying and correcting root issues. Once a week I will do a full performance review of the trades taken that week, identifying liabilities in my trading plan that do not match the current character of the market.

How Do You Maintain It?



We're also a believer than anything that is to be maintained is stored in digital, cloud-based format. You want something that can be easily brought up from any device at a moment's notice, and is not relegated to some dark shelf that will never again be seen.

OK, now that we've started to build our "Crypto Trading Business," how should we go about the process of investing/trading?

Just buy a bunch of coins and HODL?

To build a professional approach, you need to create a very specific **Trading Plan**, and the first decision that you need to make is to determine whether you are a **Trader** or **Investor!**

What is an INVESTOR?

Topic: I AM HODLING (Read 783281 times)



I AM HODLING

December 18, 2013, 10:03:03 AM

Merited by HabBear (50), jojo69 (20), .

- An Investor is one that selects assets based on fundamentals and long-term potential for capital appreciation/growth.
- HODL which now also stands for “Hold On for Dear Life”
- In it for the “long haul”
- Entries are usually non-critical and rarely uses Technical Analysis/Charts
- Most do not have exits in mind (more on this later)
- An investor’s goal is to ride a company or idea to fulfillment, whatever that is.

What is a TRADER?

- A Trader is one that moves in and out of assets.
- Buy low, sell high, repeat. (Or sell high, buy low)
- Short-term horizon
- Cash/Fiat is a position
- Uses short-term price movements to accomplish goals
- Can even open/close position in same day (day-trading)
- Usually 100% Technical Analysis/Charting

Which is better?

- Each method has pros and cons, this becomes a religious topic from which there is no relief from the rabbit hole.
- Which is better for YOU?
- Small account holders with chart skills can benefit from good “swing” trades to rapidly build account.
- Large account holders most often benefit from investing/holding.
- Staking also comes into the discussion but requires larger positions to benefit.
- Regardless of your direction, both methods benefit from proper application of **Risk Management**.

The biggest factor that separates Retail from Professional investors is **Risk Management.**

It's not what you make, it's what you get to keep that counts.

Has this happened to you?



Has this happened to you?



Has this happened to you?



Has this happened to you?



All of a sudden a “committed investor” sells into the lows. An **investor** just changed their approach on the fly and became a **trader**.

The top two ways that I've seen investors lose money over the years are:

- 1) Trying to figure out an exit in a losing position.
- 2) Over-leveraging their account on one position.

Let's create two simple Risk Management rules to take care of these issues before we get started!

Rule Number One of Risk Management:

- **Define your exit for a position BEFORE you enter it!**
- When you're still out of the market, you're thinking most clearly.
- Take a couple of minutes to determine at which point you would no longer want to be an owner of that asset.
- Most investors skip this step because they are optimistic and don't think that it could be a problem later.
- Trying to determine an exit in the middle of a sell-off is one of the most difficult things to do.
- Normally make the exact WRONG decision at the wrong time!

The Golden Rule of Risk Management:

- **Place no more than 2% of your account at risk per position!**
- The worst that could happen to you if that coin goes to zero is that you're out 2% of your account.
- You can either define the entire size of the position by 2%, or that defines the amount that you'll let the position lose before cutting it loose.
- I would rather that you create a broad portfolio of small positions than a couple of huge monolithic positions.

The Viking Funeral “Fixed Risk” Entry



- I will define a position with a fixed-risk capital amount to begin with.
- I mentally “set the position on fire” and let it go free.
- My expectations are low, so I leave it alone and don’t over-manage it.
- These are how I normally create and manage higher-risk alt-coin positions.

Defining a Technical Price Exit



Sample Trading Plan - Page 1

Entry

There are two types of position that I will support in my crypto account:

Tier One Holds:

These are the major coins that I believe will appreciate in value in the next 2-3 years as cryptocurrency becomes an early-majority adoption. I will put no more than 5% of my account into the initial position and will not take more than 2% account risk on the initial cost basis.

Sample Trading Plan - Page 2

Tier XX Swings - Entry:

I will look to accumulate lower cost-basis entries on these coins by entering on major swing tests accompanied by fractal exhaustion/bollinger band penetration. Each subsequent entry should be based on a 2% capital position with fixed-risk characteristics.

Sample Trading Plan - Page 3

Position Defense

I will determine any position exit prior to entry.

Exits and Position Management

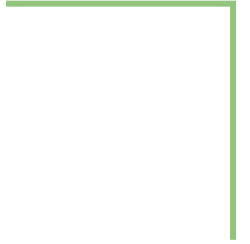
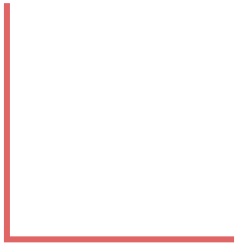
I will not use GTC stop orders; I will use emailed alerts placed on my TradingView chart to inform me that I need to consider taking action on a position based on it hitting pre-determined risk points.

Sample Trading Plan - Page 4

Miscellaneous

- Use LTC as your transfer agent to the alt-broker and fund the LTC position through the Coinbase/GDAX exchange.
- Use the BTC pairing or whichever is most liquid at that exchange.

How to Get Started!



I have \$€£¥ to invest, how do I get started?



This is the point where most investors/traders make mistakes, being too eager to get started.

Go back to your Business and Trading Plans and let them direct you as to what you will acquire and how you will invest/trade.

Fight that urge to “just get going!” The crypto market will be there when you’re ready.

The Seven Sectors

You're heard the expression "don't put all your eggs in one basket."

If you are an investor (vs. trader) then seek to spread risk out amongst the seven sectors of crypto.

See the RSC Premium Newsletter for ideas on how to structure your portfolio holdings.



Where is your “station” in life?

- If you are a 22 year old investor, you probably have less risk capital but you have way more time to be aggressive.
- You can explore the more aggressive side of the risk equation with more alt-coins and perhaps more “weight” on riskier assets.
- You can afford to be wrong with ICOs and Alt-coin investments that don’t work out.
- If you are a 62 year old investor, you probably have more risk capital but less time to work with.
- You have to consider a more conservative portfolio with less risk per position.
- There is no such thing as “no risk” crypto!

You'll find that you might need different online brokers to get access to different coins.

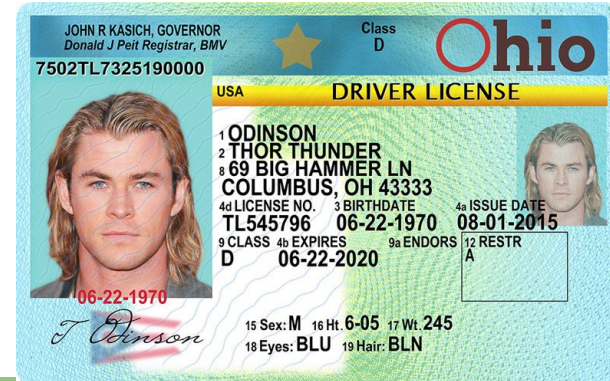


coinbase

Get \$10 of free Bitcoin!

Creating Accounts

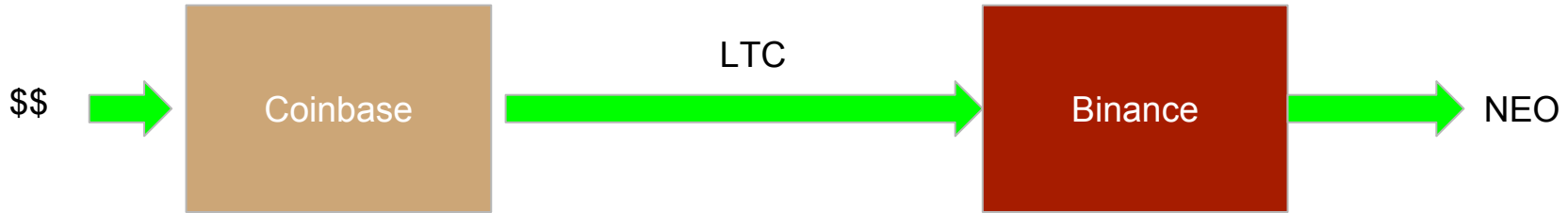
- This is going to take patience on your behalf.
- Start early and get the process going well before you think you want to get going....it will take longer than you want it to!
- Be prepared to scan your driver's license, passport, take silly pictures of yourself holding those documents, etc.
- Fraud is a huge issue and these brokers are overwhelmed.
- We'll talk about security in a subsequent section.



Fiat Brokers vs. Altcoin Brokers

- Fiat Brokers take fiat currency in a country and convert it to the largest coins, typically BTC/ETH/LTC/BCH
- Examples are Coinbase, Gemini, Kraken
- Altcoin brokers accept coin transferred from a fiat broker, and exchange it for the coin of your choice.
- Examples are Bittrex, Binance, Kucoin
- You must find the best/most secure Fiat Broker in your part of the world.
- Alt-brokers are there to provide a trading marketplace for some of the smaller coins, or those just out of ICO.
- You might need a couple of different Alt-brokers.

Sending “Currency” to Alt-Coin Brokers



We will show a live example of this process later in this session.

Which broker is trading my desired coin?

Selecting NEO under
Coinmarketcap.com

 NEO (NEO)

\$136.67 USD (-2.31%)

0.01234590 BTC (1.09%)

- [Website](#)
- [Announcement](#)
- [Explorer](#)
- [Explorer 2](#)
- [Explorer 3](#)
- [Source Code](#)
- [Rank 9](#)
- [Coin](#)

Market Cap

Volum

\$8,883,485,000 USD

\$315,€

802,484 BTC

28,507

 Charts

 Markets

 Social

 Tools

 Historical Data

NEO Charts

NEO Markets

#	Source	Pair	Volume (24h)
1	Upbit	NEO/KRW	\$95,170,500
2	Binance	NEO/USDT	\$33,280,300
3	CoinEgg	NEO/BTC	\$29,427,800
4	Binance	NEO/BTC	\$24,175,700
5	Kucoin	TNC/NEO	\$22,780,900
6	Bitfinex	NEO/USD	\$20,909,600
7	Huobi	NEO/BTC	\$12,376,400
8	Bittrex	NEO/BTC	\$11,558,300
9	Binance	NEO/ETH	\$10,791,900

How much \$€£¥ should I get started with?

- First off, NEVER put any fiat money into your crypto broker that is not “risk capital.”
- Risk capital is money that you have SET ASIDE for investing/trading.
- If you lose this money, it should not affect your life in any way.
- Remember our guidance on risk and position sizing; you need to NOT make large bets while you’re still learning the business.
- Early, accidental success teaches bad habits that will catch up with you later.

I want you to start by trading really REALLY small positions.



Look, I get it. You feel as if the crypto market is leaving without you.



But you need to earn the right to trade larger...

- Remember my “top two retail trader mistakes!”
- Entering without defining an exit, and trading positions that are too large.
- This is the great thing about crypto, it can divide down into 8 decimal places.
- Start with very small “fixed risk” positions and learn what kind of trader/investor that you really are.
- Learn to manage your risk and you’ll be ahead of 95% of investors.
- Earn the right to trade larger by proving to yourself that you can make the tough decisions.

I hear from a lot of people that they don't have any
money to trade.

What they actually lack is knowledge. Successful investing and trading takes knowledge and experience; luck will only take you so far in this business before you become another statistic.

Your first goal is NOT to make money! Your first goal should be to learn how to trade like a pro. If you do that, the money will come.

Consider creating a recurring, automatic transaction that creates a small, regular deposit into your Fiat broker.

This will gradually build up your risk capital over time while you learn to trade and invest in the crypto markets.

Maintain your position sizing and focus on the **outcome** of the trade, not the size. All the while you are building your risk capital organically and externally.

Please do not consider shorting any crypto asset at this time.

This is an advanced technique that requires a margin account and is counter-trend as long as the overall market is rising.

Your “Getting Started” Checklist

- Build your Business Plan.
- What are your investing goals? Are you an investor or trader?
- Determine what your investing/trading *edge* is.
- Determine your risk capital.
- Set up your fiat broker account and transfer risk capital in
- Create your trading plan; detail exactly how you will add/remove trades.
- Set up one or two Alt-coin broker accounts.
- Set up mobile access tools so that you can monitor accounts on the move.
- Detail your educational goals for the year - what gaps need to be filled?
- Research security solutions for your assets.

Break Time - Questions?

Putting Plans To Action

Tools, Trades, & Hands-on Demonstrations

- How to convert fiat to crypto
- How to transfer crypto
- How to trade crypto
- How to store crypto
- How to research crypto
- How to stay informed

Ready to go live?

Final questions for today's class?

That's all Folks!