An Explanation of Cryptocurrency for Beginners

<u>Intro</u>

First off, I'm very excited there's so much interest in cryptocurrency again, I genuinely do believe that crypto and blockchain technology has the potential to completely change much of the way our world currently operates for the better.

This needs to be said. Investing in cryptocurrency isn't something to be taken lightly, it's quite risky, very speculative, and still in the early stages at this point. Countless speculators and day traders have lost their entire life savings trading cryptocurrency, just because my story has a positive narrative, doesn't mean everyone else does. It is imperative that you enter following our guidelines, and follow the rules given to trade safely. The following is meant to provide strategy, give hands on tools, show insight to what trading in crypto is like, as well as teach you some tips, terms and analysis to keep in mind when trading.

Starting with:

I made these docs to help beginners entering have a basic understanding of the space and learn enough to trade without well. If you enjoy any of the content in any of my docs - please share it so others can enjoy them as well, that is all I ask. Lastly - all of the following words are entirely my partners and I own opinions, there's hundreds of ways to trade, we've just decided this is the safest, fastest, and easiest way to trade in crypto. We do not make any promises or guarantees for any result in our content.

Safe trading everyone!

Crypto Dictionary

Consider the following a dictionary for Crypto - there are many more terms used in the space, these are just some of the important.

Fiat: refers to government-issued currencies, such as the U.S. dollar.
Satoshi: Referring to Satoshi Nakamoto, founder of BTC. Often used in pricing for alts.
1 Bitcoin = 100 Million Satoshi (1.00000000 BTC)
Exchange: a platform that connects buyers and sellers. Users can buy and sell the available cryptocurrencies here.
KYC: Know your customer, refers to a verification on exchanges.
Address: destination where a user sends and receives digital currency, given in a long series of letters and numbers.
Alts: referring to the alternative coins surrounding BTC, eg. ETH, LTC.
Stable coins: referring to coins with prices pegged to $1 (USDT, USDC). You can use these as a safe haven.
Ask/Bid: Sell orders are asks and Buy orders are Bids.
Bid/Ask Price: the max/min price someone will sell an asset for.
Volatility: The fluctuation of prices in an asset, if an asset frequently fluctuates then the asset is volatile.
Market Cap: Market Capitalization is the product of the current price and circulating supply.
Bull market: refers to when prices are rising, eg. 2017 bull run.
Bear market: refers to when prices are falling eg. 2018 bear fall.
TA: Technical analysis, breaking down charts to decide a price point.
FA: Fundamental Analysis, analysis of news info etc.
Support: A price level the token/asset is bouncing at, a 'safe' spot.
Resistance: A price level the token/asset is struggling to pass.
Whale: Someone with a large amount of buying power.
ATH/ATL: All time high/all time low of an asset.
ROI: Return on investment, usually shown as a percentage.
DYOR: 'Do your own research', an abbreviation often used.
DD: Due Diligence, smart people make decisions based on facts.
Hedging: Attempting to offset potential losses or gains.
ICO: Initial coin offering, similar to IPO, when the token is first offered.
SAFU: Funds are safe!
HODL: Hold on for dear life (don't sell during crashes).
FOMO: fear of missing out, eg. buying a hyped token at its peak.
BTFD: Buy The Fucking Dip
FUD: fear, uncertainty, and doubt, eg. spread of false negative info.
BUIDL: Keep your head down and build the next financial system.

Moon: Referring to when a coin takes off very quickly, e.g. XVG 2017.
Dump: Referring to when a coin falls quickly, e.g. BitConnect 2017.
OTC: Over the counter, OTC desks are where you would buy large bids.
AML: Anti Money Laundering, regulations that prevent criminals from hiding their money.
CME: Chicago Mercantile Exchange, most commonly used to reference a gap in a chart, as an indicator for price movements.
Correction: A fall in price after making a new peak or an upwards rally.
Consolidation: A price range where the price of coins will trade after a rally or sell-off.
ERC-20: Refers to all tokens run on the ETH blockchain.
Total Supply: The total number of coins ever exists. The total supply in the case of Bitcoin is 21 Million.
Circulating Supply: The number of coins in circulation means the number of coins that are already mined.
Leverage: Some exchanges allow you to buy or sell the coins in more quantity than you have. This can be possible with leverage.
Margin: Total amount of funds required to open a leveraged trade. If the margin value drops below the position value, the position is closed.
Long Position: Long position means buying assets with leverage. The profit and loss depend on the leverage taken.
Short Position: Short entry is the opposite of a long position. If you think the price of the coin will go down in the coming days or weeks, you can open a short position with leverage.
Arbitrage: Exploiting price differences of an asset on two exchanges.
Bag holder: A trader holding a big position of a coin for a long time.
Spread: Spread is the difference between the buy and sell orders, exchanges with high volume have low spreads and vice versa.
Walls: Large orders at a specific price are known as walls. There are buy walls and sell walls.
Liquidity: Liquidity is the measure of how actively the coin is traded on the exchange.
Uptrend: The price is said to be in an uptrend if it makes higher highs and Higher lows in the given time frames.
Downtrend: Opposite of uptrend, the prices here make lower highs and lower lows.
Private Key: form of cryptography allowing users to access their funds.
Staking: Essentially lending funds to others through smart contracts.
Farming: Staking/lending assets to generate high returns/rewards.
TP: Take Profit, where you would sell to gain profit.
CMP: Current market price
Bull/Bear Trap: A false signal that a token/asset will rise/fall.
P2P: Peer to Peer, refers to exchange of assets via distributed network
DEX: Decentralized Exchanges, allows for direct P2P transactions

What is Cryptocurrency?

Cryptocurrency is, in my eyes, a video game with real capital, although, I do fully believe in many aspects to be the future of monetary transactions. In short, Cryptocurrency is a form of digital cash that enables individuals to transmit value in a digital environment.

How is that any different from PayPal, or your bank?

Its primary function is to serve as an electronic cash system that isn't owned by any one party, ie, it's decentralized, giving real financial Power to the People.

What makes coins go up?

In the short-term: Crypto being intrinsically based - build up of hype will lead to a rise in cryptocurrency prices. At this point, most crypto prices are still based on speculation not usage, although beginning to change. This means their prices depend mostly on how investors feel about them. If they think the prices will go up in the future, then they'll buy, sending the price upward. If they think the prices will go down in the future, then they'll sell, sending the price downward.

It's all sentiment, educated guesses, and point-of-view, and it, for the most part, has nothing to do with reality. This is part of the reason technical analysis works - if hundreds of thousands are looking at the same setup, they'll mostly act in the same direction.

In the long-term: average use leads to higher cryptocurrency prices. Usage will create sustained demand for cryptocurrency and as a result lead to higher prices.

Crypto is a platform for people to create new businesses, explore new concepts, and unlock value that's near impossible using traditional means. It's like raw diamonds, crude oil, or land ... on its own, it's useless. Humans make it useful. You can buy and sell diamonds, crude, and land - but most people don't. They buy diamond jewelry, fuel up their cars and trucks, and rent/build houses. They don't think about the price of the underlying assets, only the price they pay for their jewelry, gas, and homes.

The general public will eventually do the same with crypto. They will use products that run on cryptocurrency and never think about the underlying price, just the cost of doing what they want to do. Once this usage outpaces the rate at which new coins enter the market, user demand will drive the price of the cryptocurrency higher.

We're in the early stages of this now, with new additions to everyday used apps like PayPal or CashApp - but the real frenzy is when banks or other industries begin using blockchain or other crypto derived tech.

The long list of small things that will pump or effect a coin, many smaller assets can be pumped by single players, but the idea of hype bringing up coins ties in with just money coming in. The same idea goes for prices crashing, if bad news or fake news is going around and a panic arises, mass selling occurs and the price will fall.

There's a much longer explanation for what crypto is - it would realistically be a book or two, hence why it's not explained here.

I personally suggest reading the BTC white paper along with others to get a full grasp of crypto before you start trading.

Obtaining and Trading Part One

Jumping into crypto, there are some things you need to know. Starting off, you need to immediately decide if you want to be an investor or a trader.

What's the difference?

A trader constantly checks the price of the asset, buying and selling, analyzing charts looking to make a dollar gain in the short term.

If you find yourself looking at charts constantly, you're a trader.

A traders aim should be to close each day in profit, be it 1% or 100% - traders can't get greedy.

There's a long list of ways to trade in crypto, as covered in the following pages.

The investor may be aiming to make money but isn't chasing a percentage gain. An investor calculates risks and long term projections in order to evaluate the possible upside. The investor doesn't worry about the short term downside, as the current price should not matter. An investor checks his portfolio monthly/yearly, not daily/hourly as a trader would.

Still not sure whether or not you're a trader or investor? Well, ask yourself some of these questions.

Can I go two years without touching this money?

Would you rather take monthly profits, or aim for one large sum? Would losing 10% in a single day upset you?

I would argue that in crypto - investing is and always will be the easier route, but I do fully believe in crypto, and bet on the long term in hand with that. I've made the vast majority of my money as an investor - but that doesn't mean I don't still trade.

I'm quite active with my positions, selling what I see the least upside in to trade other positions with higher upside - then throwing the profits back into long terms to gain position without injecting fiat.

Types of Traders:
Scalpers: Focused towards profiting from minor price changes in an assets price, trading micro frames for small profits - requires the most attention, focuses on seconds to minutes.
Day Traders: Short term trading, often done in key points of the day to catch specific movements, one of the more strenuous routes as it requires quite a bit of discipline. Focuses on minutes to hours.
Swing Traders: A more lenient form of trading, trading positions on longer time frames based on predetermined analysis or fundamentals. focusing on days to months.
Position Traders: Essentially an investor, someone who focuses on one or a few projects at once for X amount of time, then moving to another. Position traders are long term, and usually focus on months to years.

Types of Orders:
Market order: Buying the token at the current market price, for when you want to buy an asset immediately.
Limit order: For setting a price to buy/sell your token at, if there is a specific price you would like to buy/sell vs market price.
Stop limit order: For setting a price to sell for safety measures, usually placed below your entry to avoid high loss.
Trailing stop limit: Placing a stop limit that follows the price upwards, if the price then falls it will close at the trailing stop-loss.
OCO Order: A tool that allows you to combine two conditional orders. As soon as one is triggered, the other is canceled.

Types of Trades:
Fiat and Spot Trading: Regular buy/sell trading, you can hold your assets here as well.
Margin Trading: Borrowing a leveraged amount from a broker to take a trade - VERY risky. You can make a huge amount, or lose it all.

Futures Trading: Essentially agreements that bind traders to buy or sell assets in the future at a specific price and date, similar to margin.

Types of wallets:

Hot/Cold Wallets: A hot wallet is any wallet that is connected somehow to the Internet, cold wallets are not connected and stay offline.
Software Wallets: Web, Desktop and Mobile wallets, for the most part these are usually hot wallets and stay online. ie MetaMask.
Hardware Wallet: A physical, electronic device that uses a random number generator to generate public/private keys. ie Trezor, Ledger.

Obtaining and Trading Part Two

Placing your money somewhere new always makes me nervous - so we've done an extensive Exchange Review to help you choose the best.

Step 1 : Buying Crypto:

For US Residents:

• Coinbase/Pro - The largest and most trusted crypto exchanges according to the amount of registered users. Coin base is a great start for beginners, offering a decent variety of assets depending on your location.

• Gemini Exchange - Owned by the WinkleVoss twins, Gemini is another trusted exchange great for beginners. Gemini has a very short list of available assets, but an easy entry to crypto nonetheless.

• Uphold - One of the newer exchanges being used, and isn't a bad addition at all. Uphold offers a decent list of assets similar to what Coinbase does.

• CashAPP - One of the easier solutions, Cashapp has integrated BTC payments/withdrawals with a 10k monthly limit. All you can do is buy or sell BTC and a few other assets - but it is an easy way into the market.

• Crypto.com - One of the more ignored platforms, actually offering a lot . Their platform is app based, available on the US app store - they offer Visa purchases for BTC as well as their own crypto Visa card.

For residents outside of the US:

• Binance - It's fair to say that Binance is the #1 crypto exchange according to the opinion of the whole crypto community. Binance is also used for trading, but offers credit/debit purchases to non US residents, by far the best exchange.

• Netcoins - Canadian exchange based in Vancouver. You can buy and sell Bitcoin, Ethereum, Litecoin and other major cryptocoins with lnterac e-Transfer, online bill payment or wire.

• eToro - eToro supports customers worldwide, and is one of the more trusted exchanges available. Deposits can be made quickly via bank transfer, SEPA, NETELLER, PayPal and more. It also offers unique features like copy trading.

Step 2 : Trading Exchanges:

There are a few different types of exchanges for trading depending on what you're doing, be it spot, margin or early investments.

Spot Trading:

• Binance: By far the best exchange to trade on, offering both spot and margin/futures trading. Binance offers the widest range of assets out of all trusted platforms, and stays very active in all aspects of the market. Binance is a bit complicated to beginners - but offers a lot of help via Binance Academy.
*VPNNPS is needed for US users.

• KuCoin: One of the better exchanges for trading smaller/newer assets. KuCoin often lists interesting projects prior to other exchanges - it's worth having an account.
*VPNNPS is needed for US users.

Margin Trading:

• FTX: One of the most popular margin trading exchanges available, FTX is great for large lot trades due the high liquidity and lower fees.
*VPNNPS is needed for US users.

• ByBit: A favorite for margin trading because of its simplicity, arguably one of the easier to navigate. ByBit is a great place to start margin trading, and great for smaller lot trades and scalping.
*VPNNPS is needed for US users.

Dexes:

• Uniswap: Mainly for newer/riskier projects with smaller market caps, Uniswap is great but has very high fees. Many projects listed are undiscovered and can easily fail, consider any trades here high risk.

• BSC: Binance Smart Chain - essentially the new Uniswap, with an easier to navigate platform and much lower fees - BSC is on it's way to be the most popular dexe. Owned and heavily endorsed by Binance, one of the reasons we love it. Most projects here are high risk as well.

*US Residents - Due to regulations, the vast majority of exchanges block US users by watching IP addresses, phone carriers etc.

Thankfully, crypto being a decentralized market, most exchanges don't enforce KYC policies. You can get past this by using a VPN/VPS to change your IP - there's an endless list of them. It goes without saying - but you can't add a US debit card or ID to these exchanges, or your account will be flagged & trading will be frozen*

How to follow signals and trades in general:

For the most part, signals tend to come in the same format, as shown in the example below.

Coin : HBAR/BTC (the coin we are buying)
Exchange : Binance (the exchange we are buying on) BUY : 0.042
- 46 (the price range to buy from)
SELL: 50 - 54 - 63 - 73 - OPEN TARGET (price targets to sell)
Stop: 0.039 (stop limit price in which the trade is cut) High Risk
Trade (the level of risk involved in the trade)

In this example, we would buy HBAR on Binance with theBTC pair. All of our signals and many others are priced/paired against BTC instead of USDT (if the signal is HBAR/USDT, you trade the USDT pair) Remember the first rule of trading? We would only be using up to one tenth of our capital for this trade.

Before we take the trade we'll decide on an amount for it, in our ideal portfolio we have $400 left, we can use $100 for this trade.

Now, as per our rules of trading, we always use the percentage rule for both buying and selling. This is what we would call the accumulation stage, this can range from one day up to over a week.

Our signals are meant to be bought from top down, in this example we would buy 25% at 0.046/45, 50% at 0.044, 75% at 0.043, and the remaining 100% at 0.042, finishing the accumulation stage. (You can do this manually or create limit buy orders). We tend to buy down to aim for the best possible entry. Now, you would set the mentioned stop of 0.039 (or a stop to your own preference).

On to selling, all of our signals are mid term, meaning it can anywhere from days to weeks to take off. We do mid term only so there is no struggle to rush to catch a trade, we don't want people missing out because they were at work or driving.

We use the same percentage rule as buying, we would sell 25% at 0.050, 50% at 0.054, 75% at 0.063 and the final 100% at 0.073, closing this trade. The sell targets mentioned are for safety, once we hit our first take profit zone/target, we would move our stop loss up to entry or use a trailing stop, to avoid any loss.

Open target means the signal may go higher than the final target, feel free to let it ride - but we recommend selling at targets for safety.

Signals are not the only way to profit in our channels, you can easily follow our BTC supports vs resistances for swing/margin trading.

On the following pages there is an in depth description of some basic analysis to make things easier - do not start trading until you have an understanding of basic analysis.

<u>Some basic rules you MUST ALWAYS follow for safety:</u>

• No matter what, you MUST have 2FA (two factor authentication) turned on for all accounts.
• ALWAYS triple check transfer codes when sending any tokens.
• NEVER send any tokens to pay for a product from a stranger.
• NEVER risk it all in one trade, ··never put all your eggs in one basket."
• NEVER share passwords with anyone, not even family.
• ALWAYS have back ups. passwords written in multiple places.

<u>The 20 Rules to Trading:</u>

1. Always research what you're buying, spend some time looking into a project before buying, even if we recommend it, know what you're buying. Never put your money into something blind.
2. Never buy into something just because it has risen (FOMO), always wait for a good entry. A common saying is "It doesn't matter if I bought at .10 or .12 in the long run," and it absolutely does matter. You should always look for the best possible position.

3. Don't exit a position just because it has declined (panic selling), always take other factors into play. If you sell, it should be for a legitimate reason, i.e. fundamentals changing. You haven't lost anything until you sell.
4. Never invest more than you can afford to lose, you should not be gambling your house and car on an investment. At the end of the day, investing is and always will be a gamble.
5. Have your entry and exit strategies planned prior to entering a trade (i.e. buy range/sell targets) - do not change them unless fundamentals change. Sometimes amidst a pump you may have the urge not to sell, crush that urge. Always lock in profit along the way.
6. Don't fall in love with your investments, if fundamentals change in a negative way, it's time to get out. Many refuse to sell after a large rise and end up getting left in the dust due to ego. Never let it run into loss.
7. Amount of capital to use: Divide your capital into 6-10 equal parts and never risk more than one-tenth of your capital on any one trade. Never all in one token, never be in a position to get crushed on one trade.
8. Percentage rule: never buy in all at once, leverage your position to the lowest possible price while accumulating. (ie buy 25%, 50%, 75% etc) Follow/have a set buy range in mind while accumulating.
9. Always use stop loss orders. Always keep a stop loss order once you've finished accumulating, move it up as the token grows in price.
10. Never let a profit run into a loss. After you've made a bit of profit, raise your stop loss order to avoid any loss of capital, you can re enter at a desired point if you hit your stop.
11. Avoid increasing your trading position after a long period of success or a period of profitable trade/s. Sell high, don't buy high. Even if you wish you had bought more.
12. Do not over analyze the minute charts. Pay closer attention to hourly/daily charts to spot actual trends, small drops can look huge when looking at the minute charts.
13. Accumulate a surplus. After you have made a series of successful trades, put some money into a surplus account to be used only in emergencies. Always keep some extra capital on the side.
14. Never get out of the market just because you have lost patience or get into the market because you are anxious from waiting, timing is key. It hurts more to sell and watch it pump than it is to wait another week.
15. Never cancel a stop loss order after you have placed it at the time you make a trade. Don't second guess yourself, it's very easy to get emotional while trading and make a risky decision.
16. Avoid getting in and out of the market too often (overtrading). If you exit a position, have a clear reentry target in mind and do not change it more than once. It's easy to get cut up trading on the minute charts.
17. Wait until the commodity is very active and has crossed resistance levels before buying more, breaking resistance shortly means nothing, it must close above it to flip it into a

support zone/continue to pump. Same goes for supports, must close below to officially break.

18. Don't guess the markets top. Let the market prove it is top. Don't guess the market's bottom. Let the market prove it is bottom. Following our Supports vs Resistances makes this easy. Do not fight the trend.
19. Don't fall in love with high targets, expect the unexpected, the market can flip at any point crushing any trade. Once you're in profit, move your stop up constantly or use a trailing.
20. Do NOT let yourself get over emotional when trading. Stick to basic analysis, take profits at suggested or obvious points. And again, NEVER get greedy!

Websites to use:

There are many other sites - but these are my personal favorites.

TradingView.com - For charting assets in general, sharing ideas, running scripts, viewing indicators and many other trading tools.
Chartex.pro - For charting Uniswap or low cap tokens/assets that are not available on TradingView or other chart platforms.
CoinGecko.com - For checking prices, but also for gaining verifiable contract codes for Uniswap addresses to avoid scams.
CoinMarketCal.com - For updates on token events/updates, a great place to stay informed on upcoming upgrades/launches.
CryptoCurrencyAlerting.com - Great website with many tools, coin listings, whale watch alerts, gas price alerts and more.
CoinMarketCap.com - For keeping track of prices in general, as well as finding brief descriptions of tokens, one of the most used crypto sites.
ICODrops.com - For keeping track of upcoming, active and recently finished ICO's. A great tool for early stage investing.
Coincodex.com - For keeping track of prices mainly, with many extra listings as well. Great app for portfolio tracking.
Etherscan.io - For watching/verifying transactions on the ETH blockchain. You can keep track of your own or others transactions.
CoinsPectator.com - For news - the site aggregates crypto-related news from over 100 sources, tend to watch this a lot to stay up to date.
Coin.Dance - A site full of BTC analytics/data to watch, a very good source of information/data and analytics.
Whale-Alert.io - WhaleAlert offers a multitude of things such as large transfers, current prices, pumps/dumps and more.

Unfolded - based on Telegram and Twitter, Unfolded is my favorite source of direct news in Crypto. No fluff, no opinions, just facts.

Personal Tips - I could go on for days, but here are some basic tips:

• Bitcoin can and will crush your alt trades - monitoring BTC Dominance is important to have an idea of how strong BTC is in comparison to alts.
• Suggest always watching BTC whenever in alts, when BTC falls there is a bit of a delay for alts. You have to act fast in the chance of a flash crash, but it helps quite a bit if you have a trigger finger.
• When trading in bullish cycles, always buy the dips. Selling flash crashes in these cycles will burn you 90% of the time - BTC is king of the V shape recovery. (Obviously, keep eyes on key points to watch for possible long term reversals).
• Avoid hype tokens - You look at this one way or another, but I personally avoid buying projects solely moving off of hype, we all saw what happened to GME, AMC, DOGE etc ..
• If you're ever fully in trades and the market flips, and you don't want to sell at a loss - you can leverage some of your positions on a bounce to recoup losses. Be careful though - this is quite risky.
• Use an alternative personal email - Using regular email services places your funds at an unnecessary risk of exposure for a data breach. We recommend creating a unique account just for your trading.
• Suggest creating two Binance accounts and referring the fee's to yourself, it's not much at first, but adds up quite a bit after time.
• Pick your trading method and stick to it. Find a strategy that works well for you and do not deviate from it. Everyone has their own approach - it's imperative you test multiple methods. Cut the noise and focus.
• Long term profitability means positioning yourself ahead of the crowd. Never in the crowd. Stay away from the chat rooms and the discussion boards. Everyone in these groups has an ulterior motive.
• Always send a test transaction when transferring large amounts, don't send all of it until you've confirmed the address.
• Never speak about how much you have in crypto. It should go without saying - but your holdings aren't something I'd suggest bragging about.