Low-Risk Crypto Investing

The Right Way to Invest in Crypto

Jessica D, Rich Dad Crypto Expert

RICH DAD®

Please read:

We are going to give you information that most of the world does not have access to. What is done with that information is up to you, but it must be used responsibly.

You will often hear the phrase "this is not financial advice". In fact, it is said so often that it gets ignored entirely. It should not be ignored.

This is not financial advice.

You may be asking, "what does that mean?"

Let me explain…
Do not just do what I, my team or my guest says. That would be stupid and irresponsible. Take the education, then use your own brain and make your own decisions.

YOU must take responsibility for your future and your success. That is why you are here. Neither I, or my team, or my guests, know your risk levels, prior education, emotional maturity or how much money you can afford to lose.

We are only telling you what we believe to be smart moves. But you must decide for yourself. There are NEVER guarantees.

Also understand that we are REAL teachers. We practice what we preach. With that in mind we often invest in the very projects that may be mentioned in this newsletter. While it is never our intent, we could possibly profit from others investing in our recommendations.

Take the education we provide but then determine your own actions. If it does not make sense to you, get more education before you invest. We will continue to provide education and there will always be more opportunities.

Here is the reality, we do not know you as an individual. We do not know your level of financial education. We do not know your risk levels. Possibly most important, we do not know emotional IQ, including how well you handle a win or a loss.

We always say, “knowledge is power” and that is true, but power can be used for good and for bad. If knowledge pushes you to take an action outside your risk tolerance, then it is a dangerous thing. When knowledge is used to help make decisions within your investing plan, there can be nothing more powerful. How you use the knowledge we share is up to you.

Knowledge Pays Over Time

"An investment in knowledge pays the best interest." - *Benjamin Franklin*

Things have changed quite dramatically.

This industry is not the same as it was back in 2016 when I first began learning about crypto. **And today it is not as it was in 2021 during the "trendy" phase for crypto.**

Investing in crypto requires knowledge, and an understanding to not treat it like a long-term stock(bought and forgotten).

As I began to jot down ideas for this report, the famous words of Benjamin Franklin echoed in my head like a mantra. 'An investment in knowledge pays the best interest.' That phrase really resonated with me since it emphasizes the power of education and understanding when making financial decisions.

Even though a lot has changed since the days of Benjamin Franklin, his wisdom can still be applied today, especially in the realm of crypto investing.

The main reason people invest in cryptocurrencies is that they envision the possibility of high returns and those results producing quickly from less money than they would need to spend in the traditional market.

The problem with this approach is there is a misunderstanding of what they’re investing in, its purpose, and how to make the most out of investing in it.

In this week’s article, we will explore the pros and cons of low-risk crypto and by growing our knowledge we can develop the tools to help us aim for steady and sustainable growth over time.

Topics covered in this report:

1. **The Right Way to Invest in Crypto**
2. **Low-Risk Crypto Currencies**
3. **The Benefits & Drawbacks**
4. **The Low-Risk List**
5. **My Final Thoughts**

The Right Way to Invest in Crypto

In several conversations with my father he voiced his disappointment that he did not invest in tech companies back during the 90s. While he might have lost out money on the ones that drifted and faded away, he could have also recouped those losses if he had invested in Google or Apple at the time as well.

I thought about this when I was introduced to crypto in 2016. The goal is never to invest large amounts of money into these volatile, unknown markets.

I found this is a Quora post:

Haje Jan Kamps

VC, entrepreneur, author · Author has **173** answers and **467K** answer views · 4y

A share of Apple on January 1, 1990 would have cost around $1.20[1] . That means that $1,000 of shares would have bought you 833 shares or so.

Apple's stock has split four times[2] since the company went public. The stock split on a 7-for-1 basis on June 9, 2014 and split on a 2-for-1 basis on February 28, 2005, June 21, 2000, and June 16, 1987.

The 1987 split wouldn't have affected you, but:

After 2000 you would have had 1,666 shares.

After 2005 you would have had 3,332 shares.

After 2014 you would have had 23,324 shares.

Today's stock price for AAPL is $190[3] or so.

23,324 shares times $190 is $4,431,560, or around $4.43 million dollars.

I cannot vouch for the calculations the poster above used, but even **one share of Apple purchased back in 1990 would be worth significantly more today.**

Many people overinvested in crypto in 2021 during many tokens' all-time highs, believing they would only go higher. **They did not realize it is not**

about the amount you invest, it is about the time and how many tokens are acquired for the listed price. If something is going to do well in the future, then smaller amounts are fine to use. That way if it fails, small amounts are lost.

How I approach investing is using disposable income, maybe sacrificing eating out or buying a fancy cup of coffee and instead looking for a good time/entry to buy small amounts of Bitcoin. This way if I experience loss or volatility in the crypto market, I am not feeling emotional over the loss because it has no impact on my day-to-day life.

I never expect life-changing results, but it has faired me well in being able to take profits several times since 2016.

In 2016, $BTC was around $400 per token. Just one token purchased then would be worth over $20k today, even with Bitcoin dropping from around its $60k pricing and losing around $40k in value, people who invested early are still up in profit. This is why the recent crypto bear market has primarily affected people new to crypto.

The key is really just proper risk management, being early and hoping for the best, but being comfortable if the worst happens.

Low-Risk Crypto Currencies

The classic bank run experienced by Silicon Valley Bank caused $3.3bn of USDC's cash reserves to temporarily be stuck with SVB until the FDIC became involved and they were able to transfer their reserves. In the midst of the chaos, USDC briefly lost its peg to the US dollar.

This event made people start questioning the stability and the low-risk factor of stablecoins as a whole. However, there are major key factors to consider when trying to access low-risk crypto options.

Understanding "Low-Risk"
First of all, ALL markets have volatility and risk factors.

There is no way to invest and avoid risk. The main difference between investing and gambling is often information.

Investing is based on knowledge and research, while gambling is often driven by impulse.

Consider your options, make sure to take your time, listen to your gut, and be sure that you understand the fundamentals at play. It is important to be prepared for potential losses before making any investment decisions.

What Can Be Considered "Low-Risk" Crypto?

1. **Stablecoins:** I have written about these in several other articles, but it is important to understand what stablecoins are and which ones are worth utilizing.

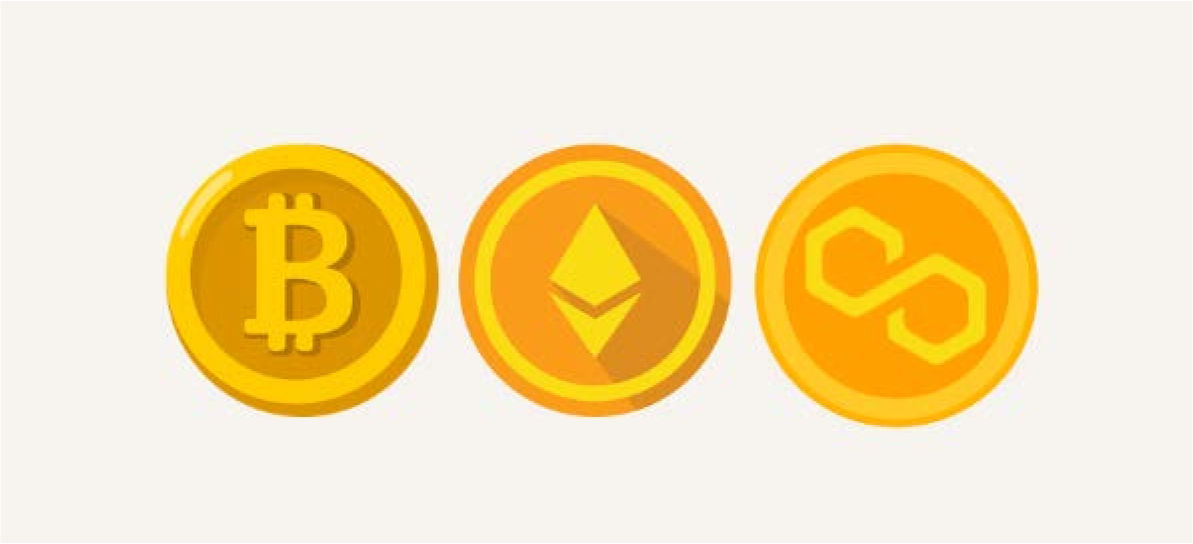
   Stablecoins are cryptocurrencies that are pegged to the value of a stable asset, such as the US dollar, gold, or other commodities. Stablecoins can also be a combination of being algorithmic(non-commodity), crypto-backed, and/or commodity-backed.

We have seen USDC experience a difficult situation, but they still found their footing and regained stability. It is understandable to be hesitant when it comes to investing in stablecoins, so do your due diligence, and look into the backgrounds of the teams and organizations that launch them as well as the banks that hold their reserves.

Hopefully, if any other stablecoin finds itself facing a similar hardship it can recover the way USDC did.

2. **Large-cap cryptocurrencies:** We have seen Bitcoin rise and fall and rise. Cryptocurrencies that have higher market capitalizations, such as Bitcoin (BTC) and Ethereum (ETH), are typically seen as having lower risk than those with smaller market caps. These larger coins have been in existence for a longer time and have bigger communities and real-world applications.

3. **Blue-chip cryptocurrencies:** Blue-chip cryptos are the ones that have earned a good reputation, been widely accepted, and had successful trajectories. They are considered to be less hazardous than others due to their stability in the market and trust amongst users. Examples of these coins include Bitcoin (BTC), Ethereum (ETH), and Polygon (MATIC).



4. **Index-based cryptocurrencies:** While I personally do not invest in these, this is an option some would argue is "low-risk". Index-based crypto coins try to provide a diversified portfolio of multiple digital assets, reducing the likelihood of volatility impacting individual investments. An example of an index cryptocurrency is Bitwise 10 Crypto Index Fund (BITW).

The Benefits and Drawbacks

The Benefits

High potential returns: I believe this is the primary reason people invest in cryptocurrencies is the potential for seemingly high rewards. While this is a possibility, it does require a lot of research, time, and an understanding of how to properly trade cryptocurrencies.

Diversification: For the sake of portfolio diversity, having a small amount of crypto can offer more options and potential for growth.

Low correlation with other asset classes: Historically, cryptocurrencies tend to move independently of other traditional asset classes such as stocks and bonds. Meaning when stocks and bonds are not doing well, that might not be reflected in crypto pricing.

Accessibility: Cryptocurrencies are easy to purchase and trade, and investors can access the market 24/7.

The Drawbacks

Volatility: Cryptocurrencies can be incredibly unpredictable, with their prices quickly and dramatically changing. This means that they are a great opportunity but they can also come with significant risks.

Regulations: Depending on the country and individual lives in expect different rules and regulations to emerge and develop. These could impact the ease of access to crypto, the availability with exchanges, and possibly create difficulties with trying to convert crypto to cash.

Technical expertise required: To invest in cryptocurrencies, investors need to have a certain level of technical expertise and understanding of the underlying technology. **It is critical to learn how to follow the tokens on the charts, and to understand wallet usage and safety**. For DeFi a knowledge of navigating dApps and decentralized blockchains would be necessary as well.

The Low-Risk List

Low-Risk

1. Bitcoin (BTC)
    - $570 billion Market cap
    - https://bitcoin.org/
    - This is technically high-risk due to volatility, but low-risk due to adoption. It matters when you get it and how much of it you

possess. Bitcoin is a store of value, and moving into being an asset that can be used as collateral. The global adoption of Bitcoin and how well it has become known makes it the #1 crypto to have in one's portfolio.

2. Ethereum (ETH)
    - $248 billion Market cap
    - https://ethereum.org/
    - Ethereum is responsible for the popularity of DeFi and other cryptocurrencies besides Bitcoin. Programmers favor Ethereum due to its potential applications, like smart contracts which run when specific conditions are met, as well as non-fungible tokens.

3. Tether (USDT)
    - $80 billion Market cap
    - https://tether.to/
    - I do not consider USDT a risk-free stablecoin, there are still issues regarding transparency with USDT. The reason why I have included it on the Low-Risk is despite the issues that took place where most stablecoins went down, Tether maintained its peg. What backs Tether is supposedly, cash, cash equivalents(money market funds, U.S. treasury bills), commercial paper, corporate bonds, loans, other investments, and cryptocurrencies.

Medium-Low-Risk, but Solid

1. Polygon (MATIC)
    - $10 billion Market cap

- https://polygon.technology/
- The reason I am listing Polygon is that it has had continuous growth and development along with deals with big companies and brands. It has stayed diligent and focused on development despite the crypto bear market.

2. Circle (USDC)
    - $31 billion Market cap
    - https://www.circle.com/en/usdc
    - The reason I moved USDC to this list instead of the low-risk list is that regulators are currently going after Coinbase, one of the main distributors of Circle USDC. They allow account holders to earn a yield off keeping USDC on their accounts. The lawsuit could possibly affect Coinbase which might in turn affect USDC, only time will tell.

3. Ripple (XRP)
    - $26 billion Market cap
    - https://ripple.com/
    - Ripple has consistently fought against both the court of public opinion and the SEC. It continues to be widely popular internationally, where it has thrived despite all odds.

4. Cardano (ADA)
    - $15 billion Market cap
    - https://cardano.org/
    - I list Cardano not because I think it will ever “moon”, I know many people have varying feelings about Cardano, but I am involved in the development side of things. I really enjoy the technology they are developing and have been focused on. It is

slower and not as shiny as the other blockchains, but those have also come and gone and Cardano is still pushing forward. I keep ADA staked and this is a project I just would like to see flourish in the future.

5. Solana (SOL)
    - $9 billion Market cap
    - https://solana.com/
    - Solana was deeply impacted by several events this year and last year. However, there are still many projects being developed on Solana.

Medium-Risk, but Solid

1. Polkadot (DOT)
    - $8 billion Market cap
    - https://polkadot.network/
    - My feelings towards Polkadot are similar to the ones I have regarding Solana. I would like to see Polkadot push through, and I enjoy that DOT can be staked.

2. Lido Staked Ether (STETH)
    - $12 billion Market cap
    - https://lido.fi/
    - Lido focuses on Liquid staking, the reason I put this in the high-risk category is I am unsure how they will do in the future, but for now they are one of the most widely used places for staking ETH.

My Final Thoughts

Companies that existed in the '90s and then disappeared include Netscape, Compaq, Lotus, Sun Microsystems, 3dfx, GeoCities, Webvan (which went bankrupt in 2001), Excite (a search engine), and Lycos. Similarly, many of the protocols behind cryptocurrencies will come and go.

During that time it could have been seen that certain technologies were simply a fad, but they were the building blocks of the future.

The companies are gone, but the technology remains. Blockchain technologies and Web3 will continue, it's a matter of finding the gems that will continue to be around a decade from now.

I strongly believe that with crypto, we should strive to reach new heights and be part of something even more extraordinary. From investing in my farm, metals, and skills to crypto,

I am driven by the things I have faith in and values that are deeply entrenched within me.

When we invest in what we truly believe in, then it helps us stay grounded and remember our risk management strategies. Instead of playing a fantasy game of becoming a “crypto millionaire”, let's focus on the real potential of achieving success through sustainable growth over time.

As always, your mind is both your greatest tool and asset.

Unauthorized Disclosure Prohibited

Disclaimers

Rich Dad website, Wealth Experts, and any content published by Rich Dad is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. The information contained in such publications is not intended to constitute individual investment advice and is not designed to meet your personal financial situation. The opinions expressed in such publications are those of the publisher and are subject to change without notice. The information in such publications may become outdated and there is no obligation to update any such information. You are advised to discuss with your financial advisers your investment options and whether any investment is suitable for your specific needs prior to making any investments.

Rich Dad and other entities in which it has an interest, employees, officers, family, and associates may from time to time have positions in the securities or commodities covered in publications or the website. This is solely because the team at Rich Dad practices what it teaches.

Rich Dad reserves the right to cancel any subscription at any time, and if it does so it will promptly refund to the subscriber the amount of the subscription payment previously received relating to the remaining subscription period. Cancellation of a subscription may result from any unauthorized use or reproduction or rebroadcast of any Rich Dad paid publication/s, any infringement or misappropriation of Rich Dad proprietary rights, or any other reason determined in the sole discretion of Rich Dad.

The information contained herein is general in nature and is not intended to constitute individual investment advice. It is not designed to meet your personal financial situation. The opinions expressed in such publications are those of the publisher and are subject to change without notice. The information in such publications may become outdated and there is no obligation to update any such information. All investments involve risk and unless otherwise stated, are not guaranteed. Nothing herein should be interpreted to state or imply that past performance is an indication of future performance. Be sure to consult with a licensed investment adviser and/or tax professional before implementing any investment strategy. And, be sure to seek counsel from licensed attorneys on legal matters.

Affiliate Notice

Rich Dad has affiliate agreements in place that may include fee sharing. If you have a website and would like to be considered for inclusion in the Rich Dad affiliate program, please email g.arthur@richdad.com. Likewise, from time to time Rich Dad may engage in affiliate programs covered by other companies, though corporate policy

firmly dictates that such agreements will have no influence on any product or service recommendations, nor alter the pricing that would otherwise be available in absence of such an agreement. As always, it is important that you do your own due diligence before transacting any business with any firm, for any product or service.