

The last big drawdown in 2022 started when the Fed raised rates the fastest in 40 years, causing a general liquidity problem that overwhelmed bitcoin users. This was exacerbated when a new, very-fast-growing altcoin called LUNA imploded in mid-May, losing all of its value in the course of a week (some suspect it was speculatively attacked). This crash exposed the leverage of many funds and exchanges, particularly through one choke point, Three Arrows Capital (3AC), a highly leveraged hedge fund which had a significant stake in LUNA. Under significant liquidity pressure, 3AC started getting margin-called on its levered positions at the same time that its assets under management were evaporating, and they filed for bankruptcy in June, failing to meet its margin calls and, subsequently, causing some bigger players (who also lost large sums to LUNA) to have to write down significant asset values. This contagion continued all the way to November, where one of the largest crypto exchanges, FTX (which held very little bitcoin despite claiming to sell a lot of it to retail investors), collapsed. The collapse of FTX under the weight of its own fake token is a book in and of itself that I'll leave for someone else to write. It goes without saying that the entire journey saw bitcoin fall from the all-time high of \$69K all the way down to \$15K. For investors who didn't understand what was happening, it was a disaster. For individuals who understood how little it had to do with bitcoin itself, it was a God-given second chance to accumulate at 2017 levels again. When the cycle turns, all you can do is wait and see how much gets taken down. The process can take