HOW TO MAKE YOUR

FIRST MILLION WITH CRYPTOCURRENCY

TEN STEPS TO CONQUERING CRYPTO TRADING

How to Make Your First Million With Cryptocurrency

Ten Steps to Conquering Crypto Trading

Charlie Severson
Doc Severson

Copyright 2018 ReadySetCrypto All rights Reserved.

Unauthorized duplication of this eBook is strictly prohibited. No part of this publication may be reproduced, translated into any language, or transmitted in any form or by any means electronic, mechanical, recorded, or otherwise without the prior written permission of ReadySetCrypto.

READYSETCRYPTO

Cryptocurrency. Uncomplicated.®

Risk Disclosure

We Are Not Financial Advisors or a Broker/Dealer: Neither ReadySetCrypto® nor any of its officers, employees, representatives, agents, or independent contractors are, in such capacities, licensed financial advisors, registered investment advisers, or registered broker-dealers. ReadySetCrypto ® does not provide investment or financial advice or make investment recommendations, nor is it in the business of transacting trades, nor does it direct client commodity accounts or give commodity trading advice tailored to any particular client's situation. Nothing contained in this communication constitutes a solicitation, recommendation, promotion, endorsement, or offer by ReadySetCrypto ® of any particular security, transaction, or investment.

Securities Used as Examples: Any cryptocurrency or security used in this example is used for illustrative purposes only. ReadySetCrypto ® is not recommending that you buy or sell this security. Past performance shown in examples may not be indicative of future performance.

Return on Investment "ROI" Examples: Any security used in this example is for illustrative purposes only. The calculation used to determine the return on investment "ROI" does not include the number of trades, commissions, or any other factors used to determine ROI. The ROI calculation measures the profitability of investment and, as such, there are alternate methods to calculate/express it. All information provided are for educational purposes only and does not imply, express, or guarantee future returns. Past performance shown in examples may not be indicative of future performance.

Investing Risk: Trading securities and cryptocurrencies can involve high risk and the loss of any and all funds invested. Investment information provided may not be appropriate for all investors and is provided without respect to individual investor financial sophistication, financial situation, investing time horizon, or risk tolerance.

Derivatives Trading Risk: Derivatives trading involving Futures and Options is generally more complex than cryptocurrency trading and may not be suitable for some investors. Some derivatives strategies can result in the loss of more than the original amount invested. Before trading futures or options, a person should review the document detailing the exchange operation and the contract specifications of any derivative traded.

Table of Contents

Welcome To Crypto.

We’re glad you’re here.

We’re **ReadySetCrypto**, and it’s our mission to uncomplicate cryptocurrency.

We believe cryptocurrency is one of the most outstanding investment opportunities of the century. We believe that a lot of the guys out there teaching people about cryptocurrency are doing it wrong, or hide ulterior motives. We believe **you deserve better**.

We want to empower you to become a crypto analyst and trader. We want to guide you through the minefield of bad advice and danger you will face as a new crypto investor. We want to teach you all that we know so you can **seize this opportunity**.

We’re **ReadySetCrypto**, and it’s our mission to uncomplicate cryptocurrency.

Let’s get started.

Step One

What's Your Situation?

Doc: It started for me on a Virgin train from Manchester to Edinburgh in August 2017. I was on vacation with my wife and my oldest son, Charlie. I have been trading the equity and options markets for the past twenty years, and quit my six-figure product manager job in 2005 to trade the markets full time. During the last decade, we've had some wild markets and I thought I'd seen *everything*…..that was, until I saw what Charlie was doing.

During our trip, Charlie was on his smartphone non-stop so I asked to see what he was working on….what he showed me blew my mind…..

Charlie had been trading cryptocurrencies for the past several months and while curious, I had dismissed them like many other traders that had my background. But what I saw changed the game for me forever….and for you as well, I hope.

During the course of our 17 day trip, Charlie had managed to grow his account from $5,000 to a high water mark of $66,489! Day after day I would check on his account balance, and it continued to rise. To say I was shocked was an understatement. I started picking his brain on what he was doing, for the rest of the trip. I had to know what these “cryptocurrencies” were, what they represented, and how to trade them.

Charlie: I had been watching Bitcoin with some interest for a long time. The decentralized currency aspect immediately garnered my attention, but initially buying Bitcoin was an arduous affair, and I didn't have the money to invest in mining equipment. Over the years I watched Bitcoin from a distance, checking in every now and then to see what new developments had occured. Having a background in Computer Science I was interested in a currency made from code under the jurisdiction of no government or bank, but it wasn't until I learned about a newer cryptocurrency called Ethereum that I immediately took action and dove headfirst into investing and learning more about this exciting new space.

I remember thinking, "I have to get into this *right now*!" which is hopefully how you're feeling. Sure, I had a few hundred dollars that I could invest, but I wasn't satisfied with that. There had to be more that I could do….then it occured to me. For a time I had been putting aside money and saved up my "vacation fund" that I was going to use to travel the world. It was one of those "fork in the road" moments that I knew going into it would forever change the direction of my life. I had to accept that whatever I invested I was prepared to lose. But I was ready to take a leap, to risk something I had worked really hard for to seize an opportunity. It wasn't just my financial situation that changed; I gained a whole new investing perspective and excitement for a technology that I believe will absolutely change the world!

So Where Are You?

Undoubtedly you've arrived here because you're either tired of hearing about Bitcoin in the news and not knowing anything about it, or perhaps you've put your toes in the water already and found it somewhat unsettling. Or maybe you've done your research and are just looking for the RIGHT way to begin.

The fact that you are reading this book puts you well into the top 1% of all investors worldwide. We all know the story on the rest, who are:

- Holding mutual funds "for the long haul" and trusting in Vanguard® and Fidelity®.
- Convinced they don't have the money to invest
- Think that cryptocurrencies are a "new-fangled scam."

The rest of this eBook is about what we can bring to your situation, whether it's the timeless trading principles honed by twenty years of hard lessons, or the last year of being on the bleeding edge of cryptocurrency technologies. Today, life moves at "Internet speed," and as you'll soon see, sometimes "old and established" is the exact opposite of what you need today to be successful.

To quote the legendary cryptocurrency trader Khan Singh: *Now, shall we begin?*

Step Two

Understand Today’s Markets

Why should we bother learning about cryptocurrencies to begin with? What is wrong with using the current Stock/Bond markets? Perhaps you already have invested many years and thousands of dollars to learn about the Equity, Options, Bonds, or other derivative markets. That little voice in your head is arguing for you to tune out the noise and just stick to what you already know, right? Or maybe you’re just getting started, and established pundits such as Jamie Dimon and Jim Cramer are telling you to run far away from cryptocurrency. Most retail investors that I’ve met are somewhere between “intrigued” and “confused” as to whether this new opportunity is “real,” or whether the old guard is threatened.

In this section I want to bring up two concepts to illustrate my point as to why you need to pay attention to cryptocurrencies now, and not sweep this opportunity under the rug.

Those concepts are **Disruption** and **Manipulation**. Let’s talk about the latter first.

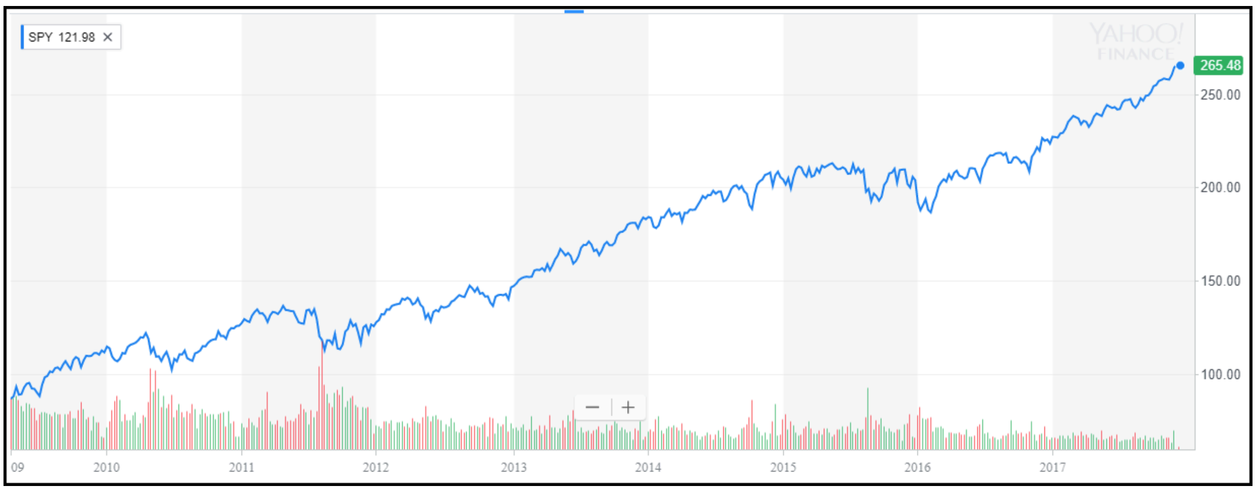
We have had financial manipulation in the US markets throughout the lives of most active investors, however most people aren’t aware of it even though it has a dramatic impact on their lives. President Nixon took the US dollar off of the gold standard in 1971, which effectively liberated the US Treasury to print whatever US Dollars were necessary. This was not the first time, however; President Roosevelt undertook similar actions in 1933, which allowed the US to inflate the money supply. Both of these actions were undertaken to provide much-needed liquidity to the economy and to “unfreeze” credit markets. But these actions have been small compared to what we’ve seen lately.

It’s been a poorly-disguised “secret” that the US Treasury has been printing an excess in dollars for some time, inflating the money supply to pay for outstanding debt. In fact, the US Treasury stopped reporting the M3 money supply number in 2006 to obscure some of these activities. It’s like opening up a new credit card to make minimum payments on another card’s existing balance.

After the 2008 financial crisis occurred, recovery was notably slow. Unemployment remained stubbornly high. The Federal Reserve (FOMC) decided to take drastic action. Chairman Bernanke announced in 2010 that “extraordinary accommodative economic policy measures” were underway, which became known as “quantitative easing.” Ultimately this was a way of flooding the US markets with dollars, which were available for extraordinarily low interest rates. If you could borrow money at .25% interest and make 10-20% return on it, why not borrow all that you can?

The secondary goal for this “QE” was to boost asset prices (aka equity stock prices) to create what policyholders called a “wealth effect.” This meant that if regular citizens saw stock prices rise, that they would go out and BUY STUFF, causing further economic expansion and driving inflation to the point where rates would rise again and the system would restore itself.

That was the assumption. The big problem over the last seven years since that policy went into effect is that rates have not really risen, yet stock prices have. A quick look at the S&P 500 chart below shows that stock prices as measured by this index have risen by over 165% since this point:



But where is the “wealth effect?” It was really only available to the “investor class” that had the means to buy distressed assets at the time, leaving most everyone else in the dust. Now stocks are “expensive” and don’t represent the same value that they once did, with no dips in sight to offer a second chance to buy in.

The net effect of this well-meaning policy has been to distort financial markets and indirectly create wealth inequality, exactly the opposite of what they meant to accomplish. We’re dealing with US stock markets at an all-time high, stretched to the breaking point and vulnerable to significant downside. History has so far been kind to the FOMC for “saving” the market during the financial crisis, but the unintended consequences of this financial ***manipulation*** might be felt in a negative way for decades. The US equity markets have been “socialized” and no longer offer the same reward-to-risk as before.

And that brings me to the second term: **Disruption**.

A Disruptive Innovation, a term named by Clayton Christensen[1], is one where a new approach to a product or service is able to be offered at a significant discount to established competitors, while still providing most of the desired functionality.

The Volkswagen Beetle was a disruptive innovation in the 1960's, offering buyers a very inexpensive, functional car that offered low cost-of-ownership and *disrupted* an industry that only knew how to produce and sell those extraordinary land yachts that we now call "classic cars." Customers were less interested in style than they were in transportation, and the domestic auto manufacturers have not recovered to this day.

Smartphones have been a disruptive product to landlines. Amazon has been extraordinarily disruptive to brick-and-mortar retailers. Uber has been disruptive to the archaic taxi industry. When businesses fail to innovate, disruptive products and services will cannibalize them.

And think about all of these "new" disruptive services….would you ever go back to the "old way?" Chances are, you would fight it. A truly disruptive service is transformative.

Think about those existing companies that were being "disrupted" for a minute….did they like it? Do you think that they tried to fight back against the disruptors? Of course they did. Did they lose in the end? Yes, their objections only served in delaying the final outcome.

So that brings us to today, where new innovations in technology are creating a literal bloodbath of disruption, even to companies that were considered "disruptors" just a few short years ago. One of the darlings of disruption just a few short years ago (Apple) is finding itself on the back end of the curve these days, being forced to buy OLED screens from its major competitor.

So, do you think that there's a chance that Cryptocurrencies like Bitcoin, Litecoin, and Ethereum and possibly disrupting people in power today? Jamie Dimon, who is the CEO of one of the most powerful banks in the world, offered his opinion that those that bought Bitcoin are "stupid."[2] Jim Cramer, a pundit and entertainer on NBC, has recently said that "*Bitcoin isn't an investment, it's a gamble for most people*."[3] Noted socialist economist Paul Krugman says that "*Bitcoin is evil*."[4]

These are all HIGHLY respected Masters of the Current Financial Universe, who can move billions of dollars of market capitalization with a stroke of a pen, a punch of a button on a sound board, or a misplaced adjective in a press conference. Do you think that just maybe, they have a lot to lose if the current financial system is cut out of the middle of a financial transaction?

---

1 http://www.claytonchristensen.com/key-concepts/
2 https://www.cnbc.com/2017/10/13/jamie-dimon-says-people-who-buy-bitcoin-are-stupid.html
3 https://www.thestreet.com/story/14415856/1/bitcoin-is-a-gamble-rather-than-an-investment.html
4 https://krugman.blogs.nytimes.com/2013/12/28/bitcoin-is-evil/

Cryptocurrencies were invented when the US financial system broke after 2008, and only those in power got “bailed out.” The massive world-wide global banking system is a huge target for disruption if value can be seamlessly transferred from peer-to-peer, with complete accountability and transparency.

Let’s summarize this section: the 2008 financial crisis was deeper than most realize, and in “fixing” the economy through extraordinary accommodation, the FOMC “broke” the price discovery mechanism of the equity markets through their manipulation. Stocks today represent a poor choice of reward-to-risk, and this fact opens up the financial world to the potential disruption by cryptocurrencies.

In the next section, we’ll go into just what these Cryptocurrencies are, and what they can be used for.

Step Three

What are CryptoCurrencies?

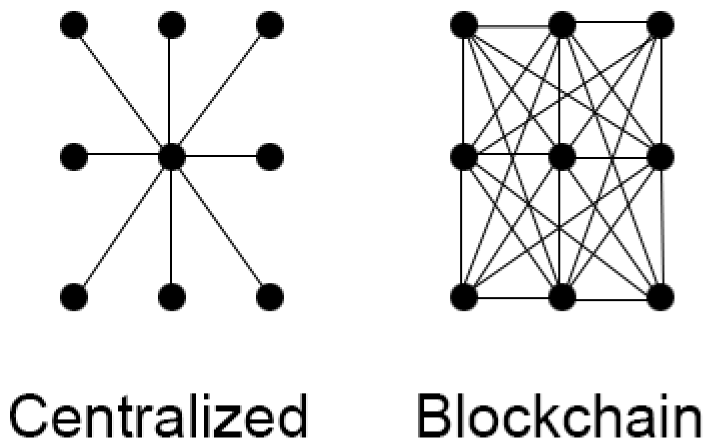
Between September and November of 2008, four major events happened.

1. On September 14th, Bank of America agreed buy Merrill Lynch in an all-stock deal worth $50 billion, snagging the world's largest retail brokerage.
2. On September 15th, Lehman Brothers filed for bankruptcy.
3. On October 3rd the Troubled Asset Relief Program (TARP) is signed into law by President Bush authorizing the United States government to purchase 700 million dollars worth of toxic assets and equity from financial institutions to strengthen the financial sector.
4. On October 31th, 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.

Continuing the theme of disruption from the last chapter, email lets us send letters for free to anywhere in the world. Skype lets us make phone and video calls for free to anywhere in the world. Now there's cryptocurrencies. They enable us to securely transact value for pennies on the dollar. But hold on, digital money has been around since the internet, what makes cryptocurrency different and so special?

If you take away all the noise around cryptocurrencies and reduce it to a simple definition, you find it to be just a shared database called the blockchain. What makes cryptocurrencies so interesting is the blockchain. In a lot of ways, the blockchain is the biggest idea since the internet.

So what's the blockchain and why are cryptocurrencies so special because they use it? Instead of a central bank or payment processor overseeing transactions (and charging hefty middleman fees), the blockchain enables cryptocurrencies to be decentralized and independant. What this means is that the blockchain is made up thousands of computers, or nodes, which act to secure the network. Let's illustrate why this is a big deal:



Compared to traditional centralized payment networks, banks, and payment processors, the blockchain offers a distributed ledger where *every* node on the network contains the entire transaction history.

Where traditional payment networks have a centralized ledger and are more prone to failure and malicious attacks, blockchains do not have a single point of failure.

In order to maliciously attack a blockchain, a hacker would need to control 51% of the computing power on the network. This is simply not possible when the blockchain is comprised of thousands of computers from all over the world. Blockchain is the underlying technology behind Bitcoin, the first and most important cryptocurrency. You may have heard of it.

In many ways, Bitcoin was created as a response to the 2008 financial crisis. There's no central clearing house or bank that issues bitcoins. Instead, Bitcoins are "mined" by computers running complex mathematical problems. These computers secure the network, acting as the nodes on the blockchain. Because there are thousands of computers securing the network all over the world, Bitcoin has superior fraud protection and network resilience compared to more traditional systems. In a single sentence, Bitcoin's blockchain is a distributed, cryptographic, immutable database that uses incentivized Proof-Of-Work (PoW) to keep the network in sync and secured. Was that a lot of technobabble? Sure, but it's not impenetrable.

We go in-depth on Bitcoin, cryptocurrencies, the blockchain, and more on our website, www.readysetcrypto.com, but importantly the founding principles and technology are solid and exciting.

Let's discuss how you can leverage cryptocurrencies like Bitcoin as an investment.

Step Four

Leverage CryptoCurrency *As An Investment*

One of the fundamental things to understand about cryptocurrencies is that because they're made from code, they do not operate under the same rules that dictate fiat currencies (which are your traditional government issued currencies). For example, at the very most, you can split a US dollar one hundred times. Bitcoin, on the other hand, is divisible to the 8th decimal place, allowing you to own 1/100,000,000 of a Bitcoin. That's right, 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. So, just because one Bitcoin is thousands of of dollars doesn't mean you have to own the whole thing!

In fact, the vast majority of cryptocurrencies are highly divisible. Even if you only have $100 to invest you can still build a solid mutual fund of the biggest cryptocurrencies out there. This is a popular investment strategy for those just getting into crypto. You can build a small portfolio using "blue chip" coins such as Bitcoin, Ethereum, and Litecoin, and then diversify if you feel comfortable taking on additional risk.

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. Services like ReadySetCrypto enable you to make sense of all the noise and find investment opportunities in the crowd. I recommend at the very least you continue your education with our free Crypto College Courses which will bring you up to speed with all the fundamentals you'll need to begin trading cryptocurrencies.

The way we see it, there's many reasons you need to strongly consider cryptocurrency as an investment.

1. Return On Investment

If you're considering investing in cryptocurrencies, you've likely heard how an investment in Bitcoin years ago would be worth millions today. 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. Ethereum once traded for a few dollars and now trades for a few hundred as people have found its technical aspirations exciting and innovative. Litecoin once was pennies on the dollar, and has rocketed to new heights as it became apparent it was doing everything Bitcoin was doing but faster and cheaper. We could go on, but the point is that each of these were once trading for a fraction of their current worth. There are opportunities like this everywhere, 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.

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. Every single one. It’s hard to see the effects now, but in the long term wealth and retirement accounts are vulnerable to possible aggressive inflation. Meanwhile, major cryptocurrencies has built-in mechanisms to be deflationary. Bitcoin, for example, will only ever have 21 million coins. The increasing price causes growing incentive to hold, while scarcity will continue to drive demand. It’s no wonder why people refer to Bitcoin as “digital gold.” In fact, Bitcoin is about 10x as scarce as real gold. 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.

3. Privacy & Security

Because cryptocurrencies operate with cutting edge cryptography, they are many more times secure at transacting value than their government counterpart. Thousands of credit card numbers are stolen every day. Even though credit card chip technology was recently implemented in the US, it has not stopped identity theft. Every year major consumer data breaches are reported. In 2017 Equifax was breached and 143 million consumers had personal information, such as names, birth dates, addresses, and social security numbers compromised. Clearly there are serious flaws to the way we store and transact value today, and while cryptocurrency isn’t the miracle solution, it does alleviate some of the concerns. Furthermore, it offers pseudo-anonymous transactions not possible with fiat currency. Quite simply, privatization of your money is the ultimate form of security and privacy for investors today.

4. Freedom from the Banks

We’re taught from an early age that banks are who we should entrust our hard-earned money to. However, 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. Cryptocurrencies give you a viable alternative to traditional banking systems. The cryptocurrency market is always open and you’re able to interact with your money 24/7, 365 days of the year.

So now we’ve learned why cryptocurrencies are a compelling investment vehicle, let’s explore how to leverage your existing assets to invest in cryptocurrency.

Step Five

Leverage Existing Assets

I can already hear many of you at this point, saying: “*Hey, investing in Cryptocurrency sounds great, but I just don’t have any spare cash lying around!*” Fair point, as few people have piles of excess dollars to invest, life seems to get in the way of that. But hopefully we’ve made the point by now that this opportunity is not one that you want to miss, because a one degree deviation in your initial vector could put you miles off course from your goals down the road. It is time to be resourceful and creative if you want to achieve your long-term goals.

Let’s find some money out of thin air, yes?

First off, do you have things of value around your home that you no longer need? Do a long, hard look at the assets in your home; can they be put to use? Might they find utility in others’ hands? You should focus your efforts to be less of a “consumer” and more of a “producer,” and you can make this switch by selling unused items for cash. Pick your channel via eBay, craigslist.org, etc. Here were some items that Doc and Charlie sold which allowed them to source initial funding for their crypto trading accounts:

- Doc sold $2000 of household tools that were no longer needed after moving from a house with acreage to a townhome. (snow blower, lawn tractor, leaf chipper, jointer, shaper, backup generator, paint compressor, etc)
- Charlie sold his $1600 4K TV and $250 Xbox that he was no longer using.
- Charlie cut his cable TV service and suddenly had $100 of positive cash flow a month to re-invest into crypto assets.

As you can see, it’s not only finding items of value to sell, but identifying those pesky recurring costs that could be more constructively diverted into your crypto trading account.

Secondly, do you have “garbage” accounts to your name that have little use by themselves? You would be surprised to see how a lot of small, unused accounts can add up to a decent little pile of investing capital. For example, Doc did not want to break loose any of his current Reg-T cash accounts to trade cryptocurrencies with; he depends on that capital to trade equities, futures, and options to pay the bills. He had to get a little bit more creative to finance his crypto account. Doing a little archaeology, he found the following:

- **Retirement Pension** - $273 of “pension” funds sitting in an unused account from his time being an adjunct professor of Business and Econ.
- **Various Cash Accounts** - a few years ago, Doc had done some research on the capabilities of various stock brokerages and funded each of them with the minimum, usually $500. These funds were doing nothing in the various Schwab, E*Trade, and Scottrade accounts, so he liquidated them for $1564.
- **Tax Refunds or Unexpected Payments -** it does not occur as frequently as we’d like, but occasionally a gift will fall out of the sky such as a tax refund, a dividend payment, or some other source of unexpected income. For example, Doc just received a check from his car manufacturer due to a class-action lawsuit. Put those pennies from heaven right into your crypto account.

Lastly, funding accounts does not have to be a singular “event.” You can define a recurring payment through most online banks to fund your crypto exchange account (Coinbase, Kraken, etc) with USD fiat currency.

One of the unexpected benefits of this “house-cleaning” is that you’ll have more productive time available. When Charlie sold his XBOX/TV and cut his cable service, he found that this enabled him to spend more time on researching crypto companies, freed up more time to walk his dog, to read, and to pursue healthier activities.

Before I leave this topic, I want to bring up sources of capital NOT to use: *credit cards and home equity loans*. Prior to the financial crisis of 2008, it was common practice to leverage your home assets as collateral to get more trading capital, and some took it to the next step by taking out 25% APR cash advances from their credit cards to fund a trading account. I saw so much debt racked up in this manner by so many, that they could not subsequently pay back after the crash. Please fund your trading account through organic means, and do not leverage debt to do so. Ever.

OK, we’ve come a long way in our quest to leverage the power of cryptocurrency to fulfill your investing goals. In the next section, we’ll talk about how we can create a more dynamic and quantitative approach to investing by leveraging analysis tools.

Step Six

Define Your Strategy

Let's take a moment to examine where we are in this process so far….we've covered a lot of ground to this point, such as:

- Discussing WHAT cryptocurrency is, and why it could be the answer to your investing needs.
- Examining the current investment vehicles, such as the US stock market, and why those might not offer a great return for your investing funds going forward.
- Revealing how you probably are sitting on more investable equity than you thought you had, and how to unearth it.

OK, so you're ready to go, right?! You see the price of Bitcoin or Ethereum screaming higher and your first impulse is to jump in with both feet! Believe me, I know the feeling. When I first started learning about the equity and options markets, I felt that any "cash" in my account was a liability, a wasting asset just sitting there waiting to be deployed like an artillery shell! I'll spare you the details here, but let's just say that I was a very active trader when I began. What I found out after executing a lot of trades and paying a ton of commissions to my broker...was that I had become a "jack of all trades" yet a "master of none." There is a great quote by Montapert that sums up this principle:

"*Don't confuse motion and progress. A rocking horse keeps moving but doesn't make any progress*."

We don't just want you to *get active* trading cryptocurrency like so many others, we want this to be a life-changing step for you that leads you on a new path. But like the Yellow Brick Road, there's really only one path that I've found to work among the thousands of retail traders that I've worked with. We need to first define our high-level strategy of investing in this space. I have broken down the process of defining your actionable strategy into the following steps:

<u>Step One - What are your Trading Goals?</u>

It's quite obvious that a 67 year-old retiree first experimenting with cryptocurrency is going to have a much different investing profile than a 23 year-old software developer. The retiree is going to focus on *capital preservation* and will use a much smaller percentage of risk capital for any crypto trades, while the younger developer has a much longer time horizon to needing her capital and can afford to use a larger portion of that capital towards more unproven "altcoins."

There's nothing new here that you probably haven't heard before; it pays to start early and the young have time to recover from loss of risk capital, while "experienced citizens" have less tolerance for risk and experimentation, such as with altcoins. Our guidance on methods of deriving income from crypto staking, for example, might come in handy for those looking for a more stable, income-based investment.

Step Two - What is your Risk Capital?

The amount of liquid, accessible capital that you have at your disposal is NOT necessarily your "risk capital." One of the biggest mistakes that I see retail investors making time and again is confusing capital that they have access to with "risk" capital. Let's define the two:

- **Accessible Capital** - This is the aggregate of all money that you can easily move. This includes bank accounts for checking and savings, cash brokerage accounts that can easily be set up for an EFT into your bank account, Paypal or Venmo accounts, or any other source of easily-accessible cash. I am NOT counting 401k, IRA/SEP, other other tax-deferred investment accounts that carry a significant penalty for early withdrawal.

- **Risk Capital** - This is a SUBSET of Accessible capital. Risk capital is that portion of your total capital that you have designated for "risk" activities, such as speculation and investing. The key difference here is that YOU CAN AFFORD to lose this capital and it will not affect your life in a negative way.

Not sure if you are trading risk capital or not? Take this test: can you set up a position and walk away from it if it does not work, without regret? I tend to use the "Viking Funeral" analogy to positions; I assume that every position that I set up will burn the boat down to embers and sink into the swamp. If the trade actually produces a return, great! If not, then my expectations were met and I move on without a second thought. Early in my career I used positions that were far too large, using funds that were not part of my "risk capital." I paid for this mental anguish with lost sleep and poor decisions, leading to bad results.

We don't get any smarter when we're in the middle of a trade, and the quality of our decisions seem to run inversely proportional to the size of the position. Keep your positions small, and fund them with risk capital only.

Step Three - What is your Time Horizon?

Back to our 67 year-old vs. our 23 year-old; the younger woman has a much longer time horizon to achieve her investing goals than the 67 year-old man. She therefore has a longer "fuse" before her retirement income becomes a question. This is where the "life is not fair" part comes in, because the older man's fuse is already burning and relatively short. We already mentioned that his main goal needs to be "capital preservation" however depending on his existing retirement savings, his time horizon might be much shorter therefore he might paradoxically have to be *more aggressive* than his 23 year-old counterpart if he is short on retirement equity, as many people are. There is an answer for every “time horizon” however the risk/reward equation might be skewed backwards. Please check with a qualified Financial Advisor before making a potential life-impacting decision like this.

Step Four - Fundamental or Technical Investor?

A “fundamental” investor is going to dig into the research of how a company operates, understand their business model and future plans, and examine balance sheets and income statements (or a projection for private companies) in order to make a decision as to whether this company is currently undervalued vs. its future value.

A fundamental investor might also believe those (Like Burton Malkiel and others) that believe that it is impossible to “time” any financial market/asset, and that prices take a “random walk down Wall Street” as Malkiel wrote in his book. This has spawned an entire breed of traders that identify with “Random Walk” theory, those that believe that charts belong on the bottom of the ocean with other sunken ships.

The opposite paradigm are those that believe that a price chart of any asset, whether it be a bond, stock, or cryptocurrency…..reflects the emotion of “herd behavior” in the past, which is likely to repeat in the future, at least within the bounds of a certain identifiable probability. For this style of investor, a dizzying array of chart studies/indicators can be added to any price chart to build a tradable system. These are “Technical” investors.

Which do you gravitate towards? I find that most who have come from a more rigid background, such as Accounting or Law, tend to lean more towards Fundamental investing. Fundamental investors look for “value” and generally build positions irrespective of the current price, so long as it is below what they believe to be future value.

On the other hand, Technical Investors tend to come from more scientific and artistic backgrounds, where they can “see” pattern recognition and this gives them a trading edge.

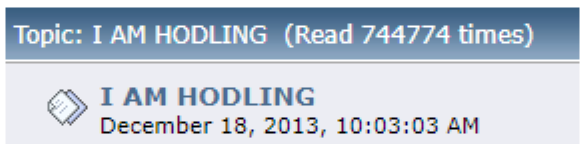
We welcome you to explore our resources at ReadySetCrypto as we believe that the best answer is to use both methods; use Fundamental analysis to identify WHAT, or the very best “future value” companies and currencies to buy, and use Technical analysis to identify WHEN to buy those at the maximum point of certainty and/or value.

Step Five - What is your TimeFrame?

At first view this appears to be redundant to defining your “Time Horizon” but it’s not. The “trading timeframe” revolves around how quickly you like to make decisions. To give you an idea of what I mean, here are a couple of different ends of the spectrum:

- **Day Traders** - those that trade intraday are going to look for very small, defined edges to trade against, and their hold times might range from 5 minutes to an hour. These traders are usually in and out of a position quickly. Those with a robust system executed with rigid discipline can potentially earn income on a regular basis from these gains. This type of trading almost requires "athletic" decision-making skills and is only for those that can process a lot of information quickly.

- **Buy-and-Hold, or "HODLers"** - Those operating in this timeframe have an almost infinite timeframe, based on their faith that cryptocurrency will be worth many more times today's value at some point in the future. This is not unlike the old "buy and hold" mantra repeated by the Mutual Fund industry for many years, but it's taken on a new life with crypto traders, especially with the "HODL" rally cry that was coined in 2013 by a misspelled Reddit post:



In between these extremes are "swing trades" which might be defined over the course of a week or two, and requires much less mental bandwidth than day trading.

At ReadySetCrypto we will be using a combination of "HODL" positions for currencies that we think will grow over the years, as well as some shorter-term setups where we can look for a quick gain to harvest and fold back into a longer-term position.

Step Seven

Begin With The End In Mind

So you're ready to get started with crypto, but how do you take action? Remember we don't climb a mountain by running all the way up to the summit in one day; we climb a mountain by stopping along the way, setting up camps, and acclimating ourselves to the altitude before proceeding. In the same way, getting started with crypto requires you set up accounts and wallets, the "camps" that you'll soon become familiar with. While you may be coming from a stock background that allowed you to buy, sell, trade all on the same platform, crypto has yet to develop that "one stop shop". There's a few reasons for this:

- The defining aspect of cryptocurrencies is that they are decentralized, a literal rebuttal of the central banks that caused the 2008 financial crisis. Having a single exchange would be antithetical to the founding principles of crypto itself.

- A single exchange is a single point of failure. We've already seen the results of that. Mt.Gox, a Bitcoin exchange launched in 2010, at one point processed 70% of all Bitcoin transactions worldwide. In 2014 they reported that nearly 850,000 Bitcoins had been stolen, or around 4% of all Bitcoins that will ever exist[1].

- There are exchanges for trading fiat currency, your existing dollars, into cryptocurrencies. We'll call these fiat exchanges. Then there are exchanges for trading cryptocurrencies into different cryptocurrencies. We'll call these cryptocurrency exchanges. In a bit we'll cover the exchanges you want to sign up for.

- Crypto is still very much aimed at the culture it was born out of, the highly technical. The challenge and opportunity before you is understanding the basics necessary to interact with cryptocurrencies.

So let's take the actions necessary to begin. We're going to recommend you spend some time setting up accounts that will enable you to quickly become a crypto trader:

- **<u>Coinbase</u>**
  For most traders, the best fiat exchange (where you exchange your money into cryptocurrencies) out there is Coinbase. Coinbase allows you to deposit money and buy cryptocurrency for a nominal fee, but we have guides on how to purchase cryptocurrency without paying fees. You may also purchase crypto on Coinbase using a credit card at a higher fee which cannot be waived. Coinbase only currently offers Bitcoin, Ethereum,

and Litecoin, so if your intention is only to purchase these three, Coinbase may be all you need.

- **Bittrex**
  If you intend to trade Altcoins, then our favorite cryptocurrencies exchange (where you trade cryptocurrencies for cryptocurrencies) is Bittrex, an American based altcoin exchange. We particularly like the coin diversity and volume, along with responsive service and functional trading. But remember that you will not be able to trade every altcoin on this one exchange. www.bittrex.com

- **Binance**
  We also use Binance, a Chinese based cryptocurrency exchange. Binance is relatively new to the space, but has quickly risen to be a powerhouse exchange. They aggressively add to their offering of new coins and their service is also very responsive. Between Bittrex and Binance, you should be able to trade most of the larger cryptocurrencies. www.binance.com

- **Coinmarketcap**
  For every other cryptocurrency out there, we recommend using www.coinmarketcap.com for your research. Coinmarketcap is not an exchange, nor will you have to sign up to use it. You'll be able to search for coins based on their name or ticker, e.g., Bitcoin = BTC. Each crypto has a page that will show you market history, links to the project website, and importantly a markets tab that will show you where a coin is traded. For example, if I heard about a new coin that has an upcoming product launch, I could look that coin up to see its current price, how long it has been trading, and where it is trading at to get a better sense of how to buy it. Coinmarketcap is an excellent free resource and it's what we use every day.

None of these websites require a fee to sign up for, and it is worth your time to sign up for them because some require verification that will take some time to complete. Additionally, familiarizing yourself with their interface will help you "demystify" cryptocurrency trading.

In addition to signing up for exchanges, you should also find news sources that report on cryptocurrencies so that you may be able to act on information. One such service is ReadySetCrypto, where we distill our analysis into a newsletter, and frequently offer guides on both basic and advanced cryptocurrency topics.

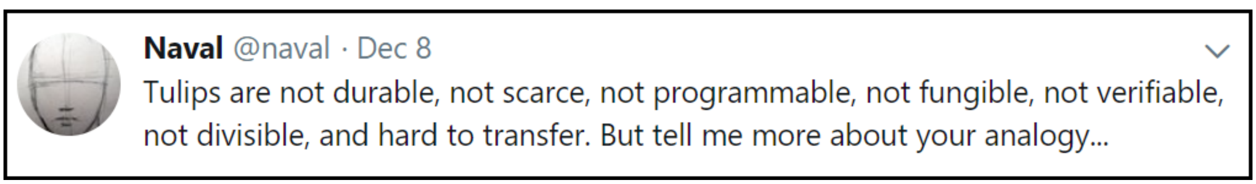
We also advise that you learn about securing your coins. As we learned from of Mt.Gox, the exchange that was hacked we covered earlier in the chapter, exchanges are not the safest places to store your coins long term. Exchanges have evolved since the Mt.Gox incident and are safe(r) to use, especially the largest ones like Binance and Bittrex, but you need to be your own bank and take charge of your coin's security. While the blockchain can't be hacked, cryptocurrencies can be stolen.

Even if you take your coins off an exchange (which we recommend) they still aren't safe so long as you don't take the steps to properly secure them. Whether by using a fake wallet to trick users, the tried and true phishing methods, or even by using fake cryptocurrencies, new schemes are hatched every day to take advantage of people not careful or informed enough. Because information on the blockchain is public, just by sharing how many of a certain coin you own opens you up as a target for scammers and thieves wanting to separate you from your crypto.

Most coins will have an official wallet you can use, and through the guides on www.readysetcrypto.com we can show you how to use them to protect your coins. We will also show you how to send and receive your crypto so that you can send between exchanges, how to track your transaction on the blockchain, and advanced security methods to absolutely secure your cryptocurrency from hacks and theft.

So before you buy your first cryptocurrency, it's important to learn how to evaluate your investment and how to read the market signals.

[1] Sidel, Robin (28 February 2014). "Almost Half a Billion Worth of Bitcoins Vanish". Wall Street Journal. Retrieved 3 March 2014.



Step Eight

Be Deliberate

In an earlier chapter I suggested that you identify either as a Fundamental investor, or a Technical investor. (or possibly both) This is where you get to “do your homework” instead of blindly stumbling into a cryptocurrency like so many others are, usually buying at the highs and selling at the lows.

There are many unknowns and challenges to doing this in the crypto space, however, so this is where you get to be a bit of a pioneer. The following are some suggestions on how you can add some structure to your analysis to better qualify your investments:

<u>Fundamental Analysis Metrics</u>

Fundamental Analysis is a critical skill in determining long term viability of a coin. Remember that cryptocurrencies being started these days are usually best thought of as start-ups, companies looking to quickly grow and in need of investment. Start with a coin’s White Paper, the document authored by the team behind a coin that will answer what this coin is, why it is pursuing its intended purpose, and how the team plans to meet deadlines and objectives. This White Paper should be easily accessible on the coin’s official website. It is not necessary to read through or understand everything in the document, but remember that vagueness is not your friend here. If a team can’t adequately summate what their purpose is and how to plan to achieve it, then as an investor you’re better off looking elsewhere. Some suggested fundamental decision points that you can research include, but are not limited to:

- **Scarcity** - Are there only a limited number of coins in circulation? Some coins, like Bitcoin, have a very limited supply, while others have large supplies or even infinite supplies. Will this scarcity help to drive up demand due to limited supply? What is the maximum supply? How were the coins distributed when the coin was launched (known as an ICO, or Initial Coin Offering)?
- **Disruptive Potential** - Does the coin back a disruptive idea with massive potential, or is it simply an “improvement” which might get lost in the shouting? Is it competing against other cryptocurrencies and / or traditional markets?

- **Future Adoption** - Is the currency actually solving a current PROBLEM that people are seeing today, or is it just a virtual “go fund me” currency to kickstart a business with little growth potential?
- **Management Team** - Does the management team behind the currency have a demonstrated track record of creating disruptive value in the technology space? Have they previously run a company in a similar industry? Are the advisors industry experts or are they paid figureheads?

There are obviously MANY criteria that could be investigated concerning cryptocurrencies. Most of the “blue chip” coins such as Bitcoin, Litecoin, and Ethereum have already reached mass acceptance and do not require this level of diligence. When it comes to alt-coins, however, be aware that anywhere from 70-80% of them are just virtual “go-fund-me” business kick-starters for a questionable technology or service, and are highly susceptible to manipulation and “pump and dump” schemes. At ReadySetCrypto, we have ten key criteria that we score cryptocurrencies with, at all times seeking for those companies/currencies that offer the best forward value. Put bluntly by Vitalik Buterin, founder of Ethereum, “Projects really should make sure they have good answers for ‘why use a blockchain.’”

<u>Technical Analysis Metrics</u>

Give me a basic price chart and ten chart technicians, and I’ll be that you’d get at least a few different opinions on where the chart might be going next. And one thing that I’ve found which might be confusing on first read, is that to use charts for what they are meant for, we are not predicting the future price movement! This is one thing that inexperienced investors believe, that certain studies can predict the future and are “guaranteed” to work. Rubbish! Properly used, we are simply using them to program US as to what we should do….buy, hold, or sell.

For instance, here is a current price chart of Bitcoin:

What do the price bars tell us? Green is a positive day, red is a negative day. But beyond that, we can see that the price is in a very strong trend, parabolic even. Do we just buy or sell because of the trend? This is where we might create a more objective, criteria-based system based on very specific conditions that we see on the chart. At ReadySetCrypto, we use five groups of chart criteria to make buy/sell/hodl decisions:

- **Descending/Ascending Patterns** - this is a simple yet powerful concept, where an ascending price channel will ultimately/eventually "break" to the downside, a conversely a descending price channel will ultimately/eventually break to the upside. Some of our strongest signals will be keyed off of this concept.
- **Larger Timeframes Dominate the Trend** - when possible, we break up price charts into multiple "fractal" timeframes. The larger timeframe "parent" chart carries more weight than a smaller timeframe "child" chart, which is why dips tend to revert to the mean or "parent" trend during a strong uptrend.
- **Reversals Start from the Inside-Out** - the converse rule to the previous, price reversals in the midst of a trend will reverse at the smallest timeframes first, and if the reversal becomes serious, will propagate to increasingly larger timeframes. It's very important to understand this structure of price reversals and how they transfer up the line.
- **Range Expansion leads to Range Contraction** - a strongly trending market will become "exhausted" at some point, and consolidate. Identifying this exhaustion point with precision is very important to the buy/sell/hold decision matrix. Think of it this way: you cannot summit Mt. Everest in a day, no matter how strong you are. You rest at the first base camp and acclimate yourself to the new altitude; charts do the same thing in the midst of a trend, regardless of how strong that trend might be.
- **Range Contraction leads to Range Expansion** - the converse of the above rule; once a chart has "rested," this is when we tend to see explosive breakout behavior. Identifying this point with precision is also very important for the buy/sell/hold decision matrix.

So...consider this for a second:

If you use **Fundamental Analysis** to identify the very best of the (as of this writing) 1300 cryptocurrencies there are, based on fundamental analysis "score"......

And then identify optimum buy/sell points on this small subset using **Technical Analysis** for maximum edge….

Do you see how this could increase your odds of building a profitable system to increase your odds of accumulating/trading the right cryptocurrency assets?

Step Nine

Take Action

So you're ready to make you first cryptocurrency trade.

By now you should be set up on Coinbase. There's some important things to consider for trading with Coinbase:

It may seem like Coinbase is asking for more personal information than you may be comfortable with. Unfortunately, there is no way around this. The more information you provide, ID, Bank account, credit card, etc., the higher your weekly buying limit and the less restricted your account will be.

As you've made it this far, I wouldn't let this scare you off from becoming a cryptocurrency investor. In order to interact with cryptocurrency, you're going to have to trust the other person exchanging your money for their cryptocurrency. Coinbase is a reputable American company based in San Francisco that has been operating in the space for years and has many high profile retail and institutional investors. They are very communicative with their customers, and are slow moving compared to the rest of the crypto space because they are cautious and conservative. If you have any issues during the setup process, the Coinbase staff can help.

To actually trade cryptocurrency, you can either buy and sell through Coinbase (and pay higher fees), or use Coinbase's sister site and exchange, GDAX.com. In fact, whenever you buy Bitcoin, Ethereum, or Litecoin using Coinbase, you're actually just placing a market order on GDAX. Using GDAX to buy and sell will let you trade your crypto with less fees, letting you keep

more of the profits. Simply transfer whatever crypto you buy on Coinbase to GDAX, or just deposit USD and buy crypto on GDAX directly.

When you're ready to cash out, simply sell your crypto for USD (e.g., use the BTC / USD pair to sell your Bitcoin for fiat), then withdraw back into the same bank account you linked to your Coinbase account. See? Not too scary and not too complicated once you get the hang of it. You'll see an example of this in the free video series from ReadySetCrypto, and we publish guides on topics such as these to help you along the way.

Remember that you don't have to buy an entire coin. It's completely viable to deposit, for example, $100 at a time and buy equal portions of Bitcoin, Ethereum, and Litecoin. Don't let Bitcoin's high price stop you from buying fractions of it, and don't just buy Ethereum or Litecoin simply because they are "cheaper" than Bitcoin.

We recommend taking security measures such as two factor authentication. The "two factor" nomenclature means "something you have, and something you know." This will help to secure your account against anyone wishing to steal your crypto from you. We also recommend you leverage the Coinbase mobile application to see the price and to trade while you're on the go. A free application named Blockfolio can be used to track your portfolio positions and will update in real time the prices of your cryptocurrencies so that you can see how well you're doing. You may also use this application to set price alerts so that if, for example, Ethereum drops to a certain price target, you're able to act upon it immediately. Blockfolio is also extremely useful if you decide to expand your portfolio to include altcoins not found on Coinbase.

Once you've bought your first cryptocurrency, take a deep breathe and congratulate yourself, you've become a investor in an exciting new asset class and you're a participant in the future. You are in the 1% of investors willing to take these first bold steps. How far you go and how much you want to make is completely up to you, and services like ReadySetCrypto are here to help you broaden your horizons.

Always remember that cryptocurrency is an extremely volatile space, and there is no way to reverse a cryptocurrency transaction. In other words, all transactions are "final" and as such you must be extremely careful when transacting cryptocurrency as one mistyped letter or number will completely change the transaction. Learning and practicing transactions is a guide offered on www.readysetcrypto.com in order to help you master sending cryptocurrency.

With your first cryptocurrency bought, your strategies mapped, and your goals defined, it's time to to first create, and then *compound* your success.

Step Ten

Creating and Compounding Success

OK, let's wrap things up in this book by talking about performance. How do you get to be a profitable cryptocurrency trader? And how do you build up your first million in wealth through trading crypto? Should we just buy a bunch of coins today and hope for positive price movement? Do we have to hit a home-run trade to accomplish that goal? Let's back up for a minute and start by looking at the larger "how" first.

By this point, you might be at the level where you've already made a couple of crypto trades, or maybe you've executed some trades in a stock account. Unless your experience is different from 99% of other retail traders, you've had some winning trades and some losing trades, and overall you're probably dissatisfied with your performance. (unless you have the premonition to buy Bitcoin in 2013 and are still holding it)

What you'd be surprised to find is that behind every winning and losing trade, there is usually one "root cause" explanation of why the trade worked or did not work. There is a "cause and effect" which you can learn from. To this end, there is the potential of a "learning loop" or "continuous process" that you can employ to constantly examine and improve your results.

This is what I call the "Strategy Development Cycle" and drives everything that I do when it comes to trading, regardless of what I am trading. Let's go into detail on what is contained in each stage of the Strategy Development Cycle:

Goals

We have to begin with goals, so that we can put a stake in the ground. When I ask most traders what their Goals are, the usual response is “to make money.” Well, great. Does that mean if you “win” your first trade, that you’re done? Mission accomplished? Probably not. Goals need to be measurable, achievable, and specific. Specifying something like, “I want to turn my $100 stake into $10MM by the end of this year” is certainly measurable and specific, but probably not achievable without an Act of God or a winning lotto ticket in parallel. Here’s another point….too many investors hem and haw trying to build the “perfect” goals, afraid of failure. In a sea of sand, a single flag stands out….the point here is to GET STARTED and THEN you can worry about improvement. Don’t be “paralysis by analysis” trying to build the perfect system that wins 100% of the time and never loses capital. Traders have been looking for that holy grail system since the beginning of time, and it’s only been found in a couple of notable movies, and not in the trading arena.

Rules

Rules are how your Goals are going to get executed in the market that you choose. Without a concrete set of rules that you will trade by, then you are just shooting from the hip with “impulse” trades. If you find that your trades always seem to reverse at the exact moment that you enter them, there’s actually a very tangible reason why this occurs, and it’s because you’ve chosen that moment to join the investing “herd” which will get “faded” by the professionals. Rules come through a careful study of how to build edge in a marketplace, and good entries rarely occur when it feels comfortable or rational to enter. We will discuss trading rules on a daily basis within ReadySetCrypto so that you can leverage the experience of decades of trading and system development.

Results

Once you have goals and execute those goals into the market with a Rules-based system, you’re bound to get some sort of results. Now comes the hard part: were those good results? Bad? Did the system work as it should? Did you ALLOW the system to work properly or did you introduce errors? Now is the time to capture that information so that we can make decisions going forward.

Corrections

There is a reason why cars have a steering wheel, so that you can make corrections even while driving in a straight line. You probably won’t learn much from a winning trade that performed as expected, however you can learn TONS from a losing trade that did not work. What was the error, the root cause of failure? You have a chance to do some forensic work here so that you can fix the errors before the next trade. If there is a difference between consistently profitable traders and ones that get discouraged and fade away, it is precisely this step that gets skipped by the despondent trader who wants to kick the losing trade under the rug and pretend like it did not happen.

Back to Goals Again!

Guess what...the cycle never stops! You will forever be in "continuous improvement" mode! This is either going to excite you or frighten you off, but I have never met a professional trader that does not take their role very seriously. Just know that your competition is doing this kind of work, as are all of us here at ReadySetCrypto!

Putting it All Together - Reaching Your Million Dollar Target

If you talk to enough successful people, you will find that lasting success is never an "event" but more of a "process." Let's examine the ultimate "wealth event" that people dream of….winning the lottery. Do you realize that:

- Most lottery ticket winners actually end up in bankruptcy.[5]
- Instead of winning the lottery getting people OUT of trouble, it actually accelerated them getting INTO financial trouble.
- 70% of lottery winners will be broke within 5 years.[6]

Now, the reason for these failures is unrelated to how we'll invest in crypto, but I want you to realize that building up your first million in capital trading the Crypto markets will not occur from one single event, or one trade, or one coin holding that you bought in at 5 cents. The odds of that happening out of 1300 other coins is similar to Lottery odds. In fact, I'd prefer that you NOT think of success in trading cryptocurrency is going to come from one or two home run trades that the other folks talk about, but instead a longer-term process of grinding out singles and doubles consistently over a period of time that will add up to true wealth. So how do we get THERE?

True success and performance will come from **Habits** and **Process**. The reason why Lottery winners go broke is due to failure in habits and process; their current habits more than likely led them to spend everything that they made before winning the lottery, so their habits continued at a higher level with more money, causing more damage. Add some bad investment decisions and relatives looking for a handout, and you're toast in 3 to 5 years.

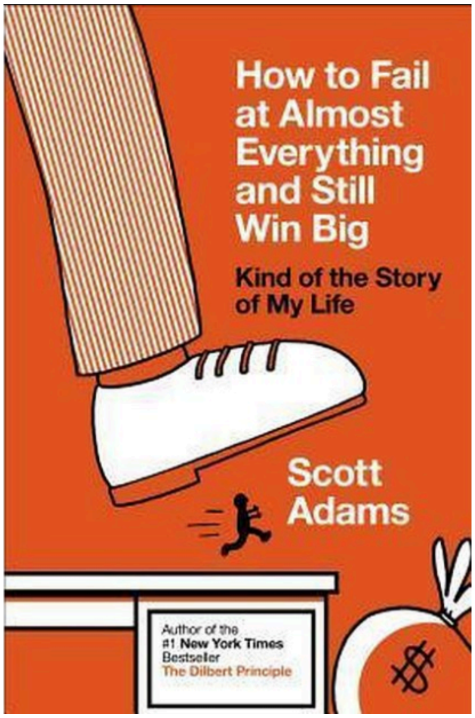
So how can we add Habits and Process to your investing? Go back to the Strategy Development Cycle that I listed above and see what habits that you can pick up by constantly studying each trading decision. Go back to the "recurring investment" principle that we talked

---

[5] http://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00114#.VpLMM1J327Q

[6] http://www.cleveland.com/business/index.ssf/2016/01/why_do_70_percent_of_lottery_w.html

about in chapter five. These are examples of Habit and Process that feeds success with more success.



There is a great book written by Scott Adams, creator of the "Dilbert" cartoon, entitled "How to Fail at Almost Everything and Still Win Big." One of the chapters in the book is entitled, "Goals are for Losers, Systems are for Winners."

The point of that chapter is well-illustrated by all those that make New-Years Resolutions, such as "losing weight." All of those motivated to lose weight clog fitness gyms on January 1, and are gone two weeks later. A New Year's resolution is a GOAL, but only Processes driven by Habits get accomplished.

Most investors try a new "thing" or strategy once or twice, get mixed results, and then run off to the next "new thing" soon afterwards, where they accomplish similar results. I see this all the time as a trading educator.

Those that create a true SYSTEM, however, often end up doing very well. A system is driven through (once again!) habits and process.

<u>Accelerating Your Returns</u>

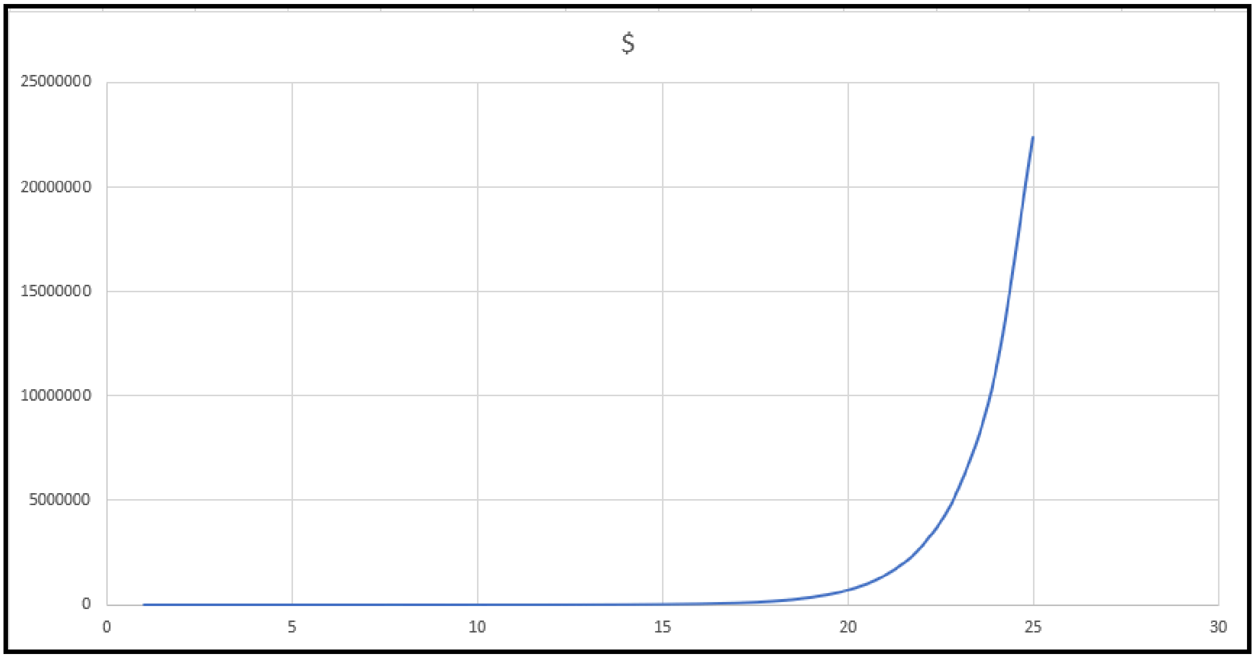
If you have started to create a "positive expectancy" system, you're well on your way. This is a system where you have a proven track record of putting one dollar into the system, and having more than a dollar come out of the other end as an "output." This is where you should be trying to define as much "risk capital" as possible that you are comfortable truly assigning as such. Once you get forward momentum, put more coal into the furnace!

And one way to do this is to define earned capital from winnings as "risk capital." This is money that you've made through trades, and are willing to risk again. Some call this "house money" because you're no longer using just the risk capital that you started with, now you're re-investing your system profits.

The truly exponential growth can be realized by a combination of 1) a positive expectancy system, 2) a money management system that re-invests capital based on past winnings, and 3) rapid analysis of opportunities and changes in the overall market, being adapting to those changes.

A simpler way of defining this is that the more that you have made in the past in this system, the more capital that you are going to put at risk. There are two systems that are taught in the ReadySetCrypto system, called “Fixed Fractional” money management, and “Fixed Ratio” money management. Defining these is far beyond the scope of this document, but should be investigated by the serious cryptocurrency investor as it provides the leverage to achieve truly outstanding returns when coupled with a positive-expectancy trading system.

The graph below shows the results of an exponential growth system with re-invested profits.



Before you react to that graph, let me make a couple of points:

- This is a graph of positive returns every single cycle, without drawdown. That by itself is not realistic, however there are a couple of things that we can learn from this.
- Note how long that it takes for the chart to achieve the “exponential” part of the growth. The “real” growth does not start for several cycles, which is exactly how the compounding effect works. Imagine the curve as representing an airplane taking off on a runway from a standing stop...it starts very slowly, then goes faster and faster until lift is achieved, which multiplies when the plane breaks ground effect and truly begins to climb.
- Note that most of the gains come at the very end of the curve!

What can we learn from this curve, and how can we apply it towards making our first Million Dollars with cryptocurrency?

I think that the first obvious point from this graph is that **patience is required to allow the system to start to achieve profitability**, so that it can “rotate” off the ground and start to build altitude, like the plane. Most investors do not give a system enough time to achieve profitability much less the compounding effect noted here, as they bounce from one thing to another, impatient for results.

The second point is that profits must be re-invested to achieve growth! Without re-investing your profits, you cannot achieve the compounding that none other than Warren Buffett attributes to most of his success. Investing success comes down to a series of repeated small victories, played again and again, and rarely is due to one large “home run” trade where someone went “all-in” on one asset. More often than not, that method leads to financial ruin.

So, what do you think? Right now you should be asking yourself these questions:

- Do I see the validity and potential of the cryptocurrency market?
- Can I build a small stake of risk capital to get started?
- Am I willing to do the homework required to identify superior assets to invest in?
- Am I willing to be patient to allow the asset to be purchased at the price that I desire?
- Can I create a system that allows me to build value over time?
- Can I design a system that allows profits to be re-invested?
- Am I willing to put in the time necessary to create an edge against others with the same goals?

If you answered “yes” to the majority of those questions, then you are well on your way to achieving the success that you desire, even to the point of creating a million dollars of wealth if you are very good at all of those points.

Not sure about some or all of those points? Perhaps we can help by doing some of those requirements for you at ReadySetCrypto.

Your Next Steps

We’ve come to the end of this guide and I’d like to say . . .

Here are your tasks going forward if you’d like to pursue success in the cryptocurrency markets:

- ❏ Understand your current-state situation of where you are, what your investing timeline is, and what your requirements are going forward. Set your vision for what you want to accomplish.
- ❏ Learn about the cryptocurrency market and WHY it represents such a massive forward opportunity. Understand why you are trading cryptocurrencies and what each asset represents.
- ❏ Look for ways to build up your Risk Capital by selling unused assets and re-purposing small, unusable equity accounts that can be put into use trading the crypto market.
- ❏ Understand what “your” strategy will be, whether you are a “hodler,” a swing trader, or a day trader. Are you a fundamental investor, or a technical investor?
- ❏ Start to set up free account access into the trading exchanges that you intend to be trading in. Consider setting up optional two-factor authentication into every account possible.
- ❏ Educate yourself on how crypto hacks can occur, and what you can do to prevent them. Learn about wallets and cold storage, and develop your own plan for securing your assets.
- ❏ Understand how you will find resources necessary to make fundamental analysis and technical analysis (charts) decisions.
- ❏ Build a trading plan that outlines how you will make entry and exit decisions on your assets.
- ❏ Create a journaling and feedback system for finding and correcting root errors in your trading.
- ❏ Make your first trade (very small size!) and follow it to conclusion based on your trading plan.
- ❏ Analyze that first trade; how could you improve it?
- ❏ Watch the free “Crypto College” video series on the ReadySetCrypto site.

Appendix / Resources

www.readysetcrypto.com

Our website where you can sign up for our free newsletter, watch informational videos learn more about cryptocurrency, and sign up for classes.

www.coinbase.com

Our recommended fiat exchange for turning your money into cryptocurrency. Visit our website for a link to get $10 in Bitcoin free when you sign up at Coinbase and invest your first $100!

www.bittrex.com

Our favorite cryptocurrency exchange where you trade cryptocurrencies for other cryptocurrencies. Most of the biggest cryptocurrencies are traded here. Signing up is free and their trading fees are low.

www.binance.com

Another favorite cryptocurrency exchange. Binance is a great place to trade crypto and is known for being extremely active with their community. Highly recommended.

www.coinmarketcap.com

A great resource for researching cryptocurrencies to invest in.

www.coindesk.com

One of the best places to read news on the cryptocurrency space.

www.cointelegraph.com

A personal favorite resource for news and education.