CRYPTO INVESTING STRATEGY GUIDE

HOW YOU CAN 10X YOUR MONEY WITHIN THE NEXT 10 YEARS

THE CRYPTONER

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INTRODUCTION

Hello there!

You probably found this guide from my website or maybe a friend passed it along to you. Either way, I'm happy you're here!

But first, a quick introduction about myself...

My name is Rayner Teo and I'm the founder of The Cryptoner.

The reason why I wrote this guide is that the crypto world is filled with hype, gimmicks, and scams.

For example, how often have you seen videos with titles like this: "This coin will 100x within the next 3 months." You get my point.

That's why in this crypto investing guide, you get none of that.

Instead, you'll discover...

- How much cryptocurrency you should buy based on your risk profile
- Which cryptocurrencies you should focus on and why
- Crypto investment strategies that work so you know when exactly to buy and sell
- Crypto investing tips
- Useful tools & resources to help you navigate the world of cryptocurrencies

Sounds good?

Then read on...

HOW MUCH CRYPTOCURRENCY SHOULD YOU BUY?

The first thing you need to decide as an investor is how much money you should allocate to assets. Typically, how much money you invest is often determined by your net worth. This is a measure of your wealth and is calculated as: Total Assets minus Liabilities.

An asset is an investment worth money. It could be real estate, stock, the money in your savings and checking accounts, art, or anything that can be valued and sold for money.

Liabilities refer to debts, including personal loans, car loans, mortgages, credit card payments, and so on. Also, liabilities include mandatory financial obligations like taxes, social security deductions, IRA payments, etc.

So, let's say, for example, the total value of your assets is $1 million, right? Let's also imagine that your debts and tax obligations are at $500,000. In this scenario, your net worth will be $500,000.

How do you decide how to allocate money for crypto investments using net worth as a measure? Here is a breakdown:

HIGH-RISK PROFILE

If you have a strong risk appetite, you can invest up to 20% of your net worth into crypto. So, if your net worth, as explained in the example above, is $500,000, your allocation for crypto will be $100,000.

Keep in mind that this is a very high-risk approach since you would be putting a lot of money on the line. If something went wrong, you could lose 20% of your net worth, which is quite frankly huge!

MODERATE-RISK PROFILE

For those of you who don't want to put too much money on the line, you could consider a moderate-risk approach. Here, you would only invest about 10% of your net worth. So, if your net worth is around $500,000, then you will allocate up to $50,000 in crypto.

LOW-RISK PROFILE

As for the low-risk approach, allocate 5% of your net worth. This means that if your net worth is $500,000, the maximum amount of money you should allocate to crypto investment will be $25,000.

Please also note that low risk does not mean there is a smaller risk of losing money. It simply means that if, for some reason, the investment didn't go according to plan, you would lose a smaller amount of money that wouldn't affect you as much financially.

Also, as a golden rule, never go all in. Cryptocurrencies are some of the most volatile assets in the world. They can drop to zero in a very short time. The last thing you need is to have all your money tied up in crypto.

Besides, success as an investor comes down to diversification. You don't put all your eggs in one basket. Based on our discussion above, you should never invest more than 20% of your net worth in a single asset class, including crypto.

WHICH CRYPTOCURRENCIES SHOULD YOU FOCUS ON

There are about 1000+ cryptocurrencies in the world right now. Each of these projects has its own specific structure and merits. However, not all cryptocurrencies are considered investable assets.

Generally, the crypto world is divided into two major categories. The first category includes the main coins, which are Bitcoin (BTC) and Ethereum (ETH). There is, however, another huge category of coins known as Altcoins. This refers to all the other cryptocurrencies that are not Bitcoin or Ethereum.

While BTC and ETH are considered relatively steady options for people who intend to unlock long-term value in crypto, altcoins, on the other hand, are typically high-risk, high-reward options.

In fact, over the past few years, altcoins have been the biggest drivers of growth in the crypto market. These are coins that will typically grow 10x, 20x, and so on. However, as noted above, they are highly risky and probably not ideal for beginners.

So, what cryptocurrencies should you buy? Well, Ethereum and Bitcoin should be top of your list, and here is a breakdown of both and what they are about.

BITCOIN

Bitcoin was the first cryptocurrency to be created back in 2009. Although the initial goal was to use Bitcoin as a digital currency that facilitates online transactions, it soon grew to become a highly popular investable asset. Today, Bitcoin is the most traded cryptocurrency in the world. It is also the biggest in terms of market capitalization. In fact, BTC accounts for more than 40% of the total market cap in the crypto industry.

BRIEF HISTORY OF BITCOIN

As noted above, Bitcoin was founded in 2009 by Satoshi Nakamoto, an unknown cryptographer whose identity remains a mystery even today. The coin was launched as a Peer-to-Peer Electronic Cash System.

Although Bitcoin was more or less reserved for the cryptographic community and early enthusiasts of digital currency during its initial years, it received major attention in 2010 when the first commercial BTC transaction was conducted. The transaction was a pizza sale for 10,000 BTC.

After that, Bitcoin emerged from the shadows and started to earn a huge number of followers. In 2012, the Bitcoin Foundation was created. The foundation featured a group of Bitcoin enthusiasts who would promote and facilitate the uptake of the coin.

BTC would see one of its biggest years between 2013 and 2014 when the price rose from a meagre $13.50 at the time to hit $770 in just 12 months. The coin would later surge even further, culminating in an all-time high of $69, 000 in November 2021.

WHY BITCOIN IS AN IDEAL INVESTMENT

There are several reasons why Bitcoin is the most preferred cryptocurrency. First, it already has a lot of pedigree in the market. People have been buying and trading BTC for more than a decade.

Also, the total supply of Bitcoin is fixed. In other words, the maximum circulation for Bitcoin is capped at 21 million coins. Once this supply is hit, there will be no other way to generate new Bitcoins. This could have huge positive implications for the price. As of now, nearly 19 million Bitcoins have already been released. Only about 2 million are left before the cap is reached.

It is also worth noting that Bitcoin has the best liquidity. This means that if you decide to convert it into cash, it will be much easier and much faster. BTC has also been described as too big to fail, and while the coin has had its fair share of ups and downs, it has managed to remain afloat for more than ten years now.

ETHEREUM

Ethereum (ETH) has often been described as the main competitor for Bitcoin. However, they are two widely different crypto projects. Ethereum has, over the years, expanded its utility beyond normal digital transactions. The coin is ranked second in terms of market cap. ETH also accounts for about 20% of the total value of the entire crypto market.

BRIEF HISTORY OF ETHEREUM

The idea of the Ethereum blockchain was conceived by Vitalik Buterin in 2013, about four years after the launch of Bitcoin. Buterin would later be joined by several other founders, and eventually, they started building the Ethereum blockchain in 2014.

Buterin's vision was to create a network that could accommodate decentralized applications, something that he believed would be able to enhance the utility of blockchain technology far beyond Bitcoin. Ultimately, Ethereum would become the biggest Decentralized App platform in the world.

Over the last decade, Ethereum has undergone several major changes, including a major shift from energy-intensive and expensive proof-of-work validation mechanisms to a more affordable proof-of-stake. The project has also had its ups and downs, but its cryptocurrency, Ether or ETH, has become a multibillion-dollar asset.

WHY IS ETHEREUM AN IDEAL INVESTMENT?

Just like Bitcoin, Ethereum has demonstrated that it has immense pedigree in the market. Although it has undergone many critical changes and faced some major setbacks in its journey, Ethereum has managed to become the most powerful driver of decentralized applications.

The platform has made it easier for innovators to leverage the power of decentralized networks to create innovative financial, gaming, and so many other applications. Also, there is plenty of ETH liquidity in the market. If you want to buy or sell these coins, someone will always be there to deal with you.

You should note that Ethereum is facing increasingly fierce competition from other platforms that can also facilitate the development of decentralized applications. Despite this, it remains the most dominant force in this area.

CRYPTO INVESTING STRATEGY: WHEN TO BUY?

Different investors, of course, have different investment strategies. However, there are some tried and tested methods that you could consider. Remember - investment strategies vary depending on your investment goals.

For example, if your goal is to buy crypto, hold it, and ultimately unlock value in the long run, you will take a completely different approach compared to a short-term price speculator.

So, if you are thinking of buying crypto, here are some strategies that you can use:

LUMP SUM INVESTING

As the name suggests, lump sum investing involves putting all your money into an asset at the same time. Let's imagine you are taking a moderate risk strategy when allocating money for crypto investments.

Assuming that your net worth is $500,000, it means you could spend $50,000 in crypto, an equivalent of 10% of your net worth. In a lump sum investing approach, you take the whole $50k and go all in on a single asset. The advantage of this could be that, if you buy when the price of crypto is really low, you can make huge returns when prices recover.

But there is, of course, a risk that you are buying these assets at their very peak. The price might then start to slide, and eventually, you could find yourself stuck in a long-term drawdown.

Pros

- Offers the possibility of making decent returns if the market experiences a strong upward trend
- Perfect for people who don't have the time for active portfolio management

Cons

- Substantial risk of long-term drawdown if the market trends downward after the investment is made

DOLLAR-COST AVERAGING (DCA)

Dollar Cost Averaging, or DCA, is an investment strategy where you invest a fixed amount of money in an asset over a specific period of time, regardless of the asset price. It's more systematic compared to lump sum investing. Let's explore this strategy further using an example.

Imagine again you have decided to take a moderate-risk investment strategy where you allocate about 10% of your net worth to crypto. If your net worth is $500,000, it means you will have $50,000 to invest.

However, instead of just taking all that $50k and putting it into a single crypto all at once, you can invest in a fixed amount over a given period. For example, $5,000 monthly for the next ten months. It doesn't matter how much the asset is selling at any particular moment. The goal is to ensure that every month you buy crypto worth $5,000, for ten months in a row.

One thing that makes dollar cost averaging such an effective tool is that although you buy less crypto when the prices are high, you get more crypto when the prices are low. For example, let's say in your first month of DCA, the price of Ethereum (ETH) is $1000 and that of Bitcoin (BTC) is $20,000.

Assuming that you are allocating 50% of your capital equally to each of these two assets, it would mean that you invest $2500 in ETH and the other $2500 in BTC. Based on the prices above, your $5000 in the first month gets you 2.5 ETH coins and 0.125 BTC.

However, assume that in the second month of DCA, the price of ETH drops to $500, and that of BTC drops to $10,000. With the same $5000 allocated each month, you will be able to buy 5 ETH coins and 0.25 BTC.

So, with the same fixed monthly investment, you get more ETH and BTC coins than you did the month before.

Now, let's also consider a scenario where prices increase over time. Let's say in the next month, the price of ETH increases to $1500, and that of BTC rises to $25,000. With the same $5000 each month, you can now buy 1.67 ETH coins and 0.2 BTC.

Compared to the previous month, when prices were lower, you are buying fewer coins with the same fixed investment. However, you should remember the value of your existing investments would also be increasing due to the price rise.

The DCA strategy helps you maintain discipline, as even with increasing prices you are still investing a fixed amount, which helps manage risk.

You can DCA for more than 10 months and adjust your monthly allocation accordingly. Ultimately, you alone decide the duration you want to DCA and the amount of money you want to speculate with.

Pros

- Helps you to preserve capital in case of an unexpected market crash
- Reduces the risk of buying at the peak
- Removes the need to try and perfectly time the market

Cons

- Smaller position size if the market consistently rises compared to lump sum investing
- Requires commitment to consistent investing, no matter what the market conditions are

DOLLAR COST AVERAGE IN A BEAR MARKET

Conditions in the market will often determine the approach you take in Dollar Cost Averaging. Typically, there are two main market conditions in crypto. These are the bull market, where the price of crypto assets is on a strong upward trend, and the bear market, where prices are trending downwards.

So, can you modify the Dollar Cost Average to take advantage of current market conditions?

Well, let's examine it within a bear market. When executing a DCA strategy in a bear market, you could choose to allocate more capital when the prices are low (reducing your average price).

For example, let’s say you initially decide to invest $5000 a month. However, for one reason or another, the market starts crashing. Instead of sticking to your original $5000, you can increase the monthly allocation to $7500 until the asset snaps back out of the bear market.

But how do you know a cryptocurrency has entered bear market territory? Well, while there are many indicators to check but in most cases, a coin will be considered bearish if it falls by more than 50% from its highest price. Although this may seem unlikely, it happens quite often in the world of cryptocurrencies.

A coin is considered out of a bear market once it regains at least 50% from its lowest price. Following this movement, it’s then a matter of returning to your normal $5,000-a-month allocation.

There’s no fixed rule as to how much more you should buy during a bear market. It’s something you must decide ahead of time to help manage your risk and more importantly, still be able to sleep well at night!

Pros

- Allows you to acquire more assets at low prices, increasing potential returns when the market recovers
- Helps you to manage risk better when prices are declining

Cons

- Demands discipline to invest regularly, even during bad market conditions
- Requires tight risk management to avoid depleting funds too early in a bear market

CRYPTO INVESTING STRATEGY: WHEN TO SELL?

Now that we have explained some of the key strategies you can use to buy crypto within the proper timing, the next step is to see some of the strategies you can explore if you want to sell.

This is very important because of just how volatile crypto can be. Knowing the right time to sell can help you maximize your returns before a major correction happens. Here are some of the main selling strategies you can consider:

TEMPORARY HODL

HODL is simply an acronym that stands for "Hold on For Dear Life." This is a strategy where crypto investors hold onto assets for as long as possible. The idea is based on the notion that the long-term value of crypto is much more important than short-term volatility.

Just think about it this way. In 2011, the price of one bitcoin was about $3.5. If you had bought BTC at the time for $1000 and HODL for ten years, you would now be a millionaire.

However, you don't also want to be holding a coin forever or for a long time. You must keep the presence of mind to know when conditions in the market have changed, and understand when the right time to cash out is.

For example, let's say you had initially invested in BTC and ETH, two of the biggest crypto holdings right now. But as you HODL for a few weeks or months, it becomes clear that ETH is longer doing as well as it used to.

It reaches a point where it is no longer among the top two crypto holdings. What you can do here is to sell your ETH holdings and then replace them partially with the coin that has taken its place in the overall crypto rankings.

Pros

- HODLing can also offer additional opportunities for earning yields when you lock your crypto for a set period
- Possible to significantly multiply your investment

Cons

- Requires high mental fortitude, especially during a bear market

2X ALL TIME HIGH (ATH)

Another strategy you can use to cash out your crypto investment is the 2x ATH strategy. In other words, if the crypto has already doubled its all-time high, sell and take advantage of the rally.

Let's say, for example, you had invested in BTC at $20,000 per coin and the current all-time high is $70,000. Then after a few months, BTC shoots up above this ATH. You could still HODL the coins until they rally toward $140,000. This would be 2x the all-time high of $70,000.

Keep in mind that when cryptocurrencies hit ATHs, they could retreat in a short-term correction shortly after. Do not let this short-term volatility spook you.

Pros

- Easier on your mental well-being as you have a pre-determined exit ahead of time

Cons

- Potential missed gains if the market continues to rally beyond the exit point

SELL SOME, HOLD SOME

This concept is based on the idea of cashing out a portion of your assets when your target is reached but still holding some just in case the market continues higher. Let's say for example you were using the 2x ATH strategy explained above. Naturally, you would be obliged to sell your crypto once it hits 2x its previous all-time High.

However, instead of selling all the crypto assets in your portfolio, you could consider selling just 50% and holding the other 50%. This means you would get to book your profits on 50% of your portfolio and still be in a position to take advantage of further gains if the market continued higher.

Pros

- Enables you to take some profits off the table and still have assets left over in case the market continues upwards
- Provides you with a less mentally taxing approach to managing your investments

Cons

- Potential gains may not be as substantial compared to a long-term HODL strategy

SO IS IT POSSIBLE TO 10X YOUR MONEY WITHIN THE NEXT 10 YEARS?

Bitcoin, and by extension, all cryptocurrencies, is highly volatile, with wild price swings being extremely common. Nevertheless, the general long-term trend for Bitcoin remains pointing upward.

Over the past ten years, Bitcoin has been on a solid run despite several price pullbacks on the way. So, with that said, is it possible to 10x your investment with crypto in 10 years? Well, let's have a look at the price history to help serve as a guide.

January 2009: $0

January 2013: $14

January 2017: $1,013

January 2021: $34,000

When Bitcoin launched for the first time in 2009 it was worth virtually nothing. However, by 2013, BTC was trading at $14. But things didn't end there. BTC jumped from its modest price of $14 in 2013 to around $1013 by 2017. In just those four years, the coin gained nearly 70x in value.

The strong uptrend continued again in the next four years. In 2021, BTC was trading at around $34,000 (another 34x increase). Since its inception in 2009, BTC has gone from $0 to hit an all-time high of around $68,000 (as of this writing). There is no other asset class that has delivered such incredible returns.

WHERE WILL CRYPTO GO NEXT?

So, can Bitcoin keep up this momentum, or has it run out of steam? In general, crypto has become too big to ignore, and there could still be plenty of value to unlock in the future. As noted above, even with the short-term volatility, the general trend for crypto has been strongly bullish. It is, therefore, not crazy to think that BTC could well maintain its upward trajectory in the coming decade.

The key for any investor is to buy in a bear market. When everyone is panicking and offloading their crypto, prices tend to crash. This gives you the perfect opportunity to buy BTC and other cryptocurrencies at a significant discount. Buying low during bear market conditions also gives you a potentially insane upside on the way up.

For example, let's say you decide to buy BTC during a bull run at $1000. If the bull run continues to $6000, that's a 500% return (a gain of 5x). However, imagine buying low in a bear market where prices have crashed. You could, for example, get in at $500 and if you sell at $6000, that's an 1100% return (a gain of 11x). Can you see the profit potential when buying in a bear market?

CRYPTO INVESTING TIPS

Let's wrap up this crypto investing guide by highlighting some tips everyone should follow. These tips will help you navigate the highly volatile crypto market while still keeping your sanity. Here they are:

INVEST MONEY YOU CAN AFFORD TO LOSE

The number one rule in crypto is to only invest money that you can afford to lose. This means that even if your investments were to go haywire and crash to zero, the impact on your finances would be very small.

Do not sell your house or use all your savings to invest in crypto. While the cryptocurrency industry has churned out so many millionaires over the years, please be warned that some of these assets can crash massively with very little warning. Do not tie all your money up in them.

YOUR PEACE OF MIND MATTERS

Secondly, always make sure you invest in a manner that allows you to have peace of mind regardless of conditions in the market. It's not worth losing sleep over investments. If you are feeling too anxious about the crypto assets you've purchased all the time, then it's not worth it.

A good rule here is to invest with money you can afford to lose, and go on with your day normally.

DO NOT FOLLOW THE HYPE

Another crucial rule to remember when investing in cryptocurrency is this. When something seems too good to be true, it probably is. You see, as an investor, you will come across so many crypto projects that promise insane returns.

You will even see evidence of people making 10x or 20x their initial capital. While some of these projects may be genuine, most tend to be pump-and-dump schemes, and they typically come crashing down massively.

So, do not follow the hype. Don't let your fear of missing out cloud your due diligence. Always look at the fundamentals of a project and see if they are worth what they are saying.

MAKE SURE YOU HAVE A COLD WALLET

Most novice crypto investors will typically store their cryptocurrencies in exchange-provided wallets or other digital wallets. While most of these wallets are secure, they are still vulnerable to cyber-attacks and hacks.

There have been many cases where hackers have managed to gain access to digital wallets and drained all the crypto from them.

To be safe, make sure you store your crypto in a cold wallet, especially if you intend to hold the coins for a long time. Cold wallets are physical, and they are not connected to any network. They are 100% safe from hackers.

To learn more about how to store your crypto in cold wallets, check out this video.

CREATE A PLAN AND STICK TO IT

Finally, before you jump into crypto investments, always make sure you have created a robust plan. Decide how you will allocate money, which assets you will buy, and the overall strategy you will use to unlock value in the short and long term.

Now, there will come a time when you may feel like things are not going to plan. Do not panic. The crypto industry is full of ups and downs. You can't give up on the first hurdle. Stick to your plan, and eventually, things will start to fall into place.

CRYPTO TOOLS & RESOURCES

Here are some useful tools and resources that will help you in your crypto journey.

Of course, there are more out there. But I don't want to overwhelm you. So, these are the ones I use regularly that I believe you'll find useful. They are broken down into 3 categories...

Crypto research
Token Terminal
DeFiLlama
Messari

Crypto news
Cointelegraph
Decrypt
Blockworks

Crypto market cap
Coinmarketcap

FINAL WORDS

You've made it to the end! I hope this investment guide gives you a framework to kickstart your crypto investing journey.

If you want more stuff like this, then go to thecryptoner.com.

You'll get to learn more about cryptocurrencies without any hype or fluff.

The best part? It's explained simply so you don't feel overwhelmed or confused.

I'll see you there!

Cheers,
The Cryptoner