



A BEGINNER'S GUIDE TO DIGITAL ASSETS & DISTRIBUTED LEDGER TECHNOLOGY

PART 1 (OF 3)

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KEY PRINCIPLES TO INVESTING IN DIGITAL ASSETS



UNDERSTAND THE MARKET

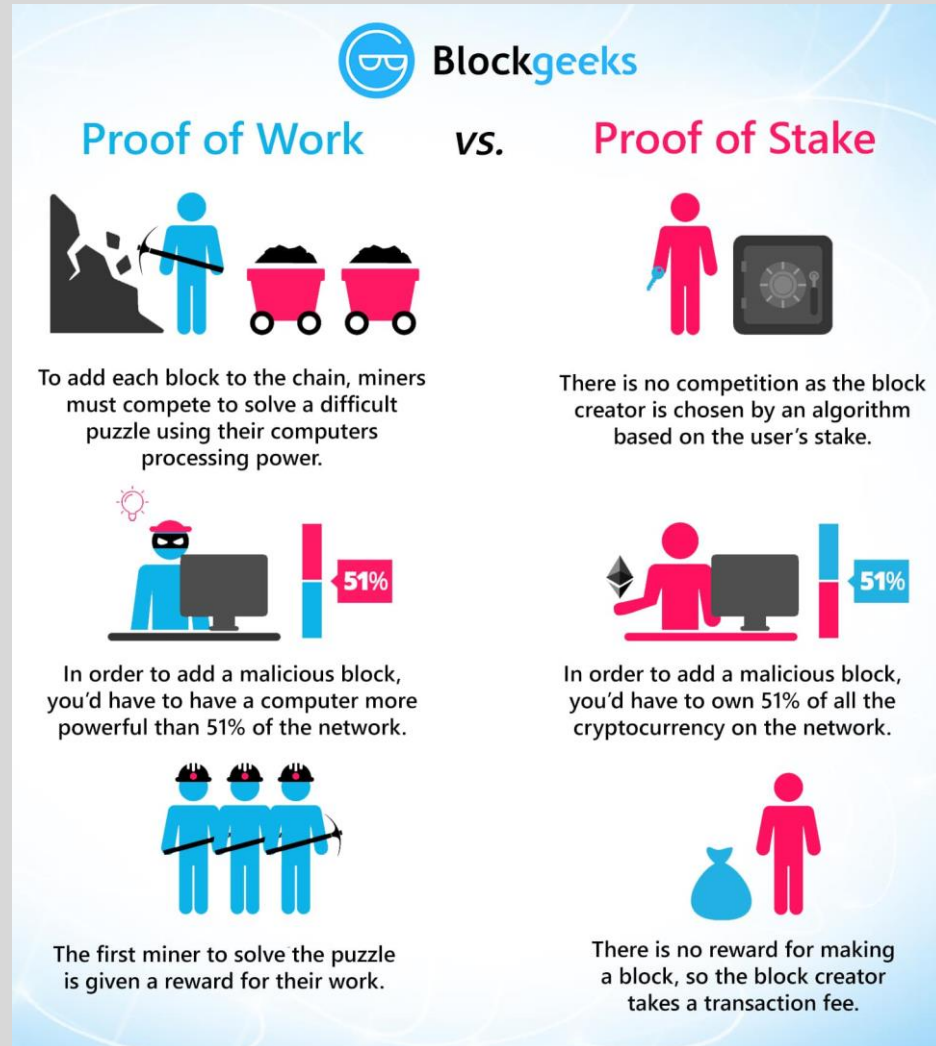


DO YOUR OWN RESEARCH
DECIDE WHAT TO BUY!



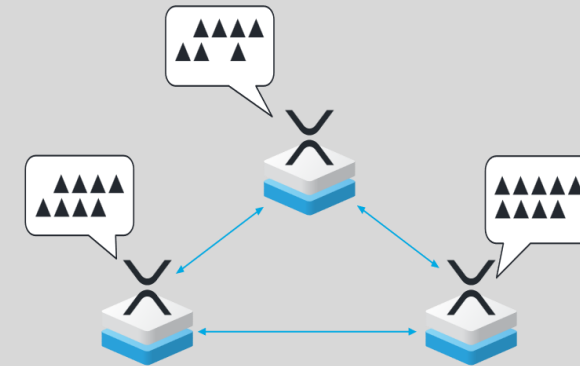
TAKE YOUR POSITION IN
THE MARKET

Types of Blockchains and the key differences



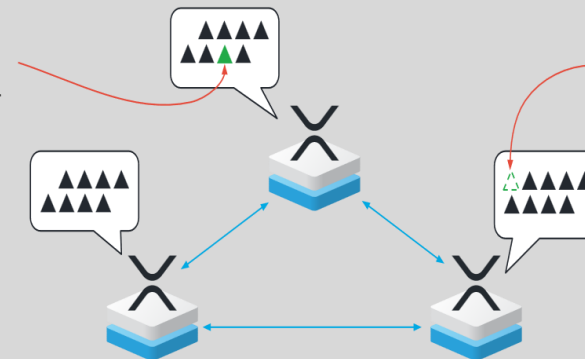
Consensus Validation method

Validators each propose a set of transactions to be included in the next ledger version.



Round 1

Validators add transactions to their proposals if most other validators they trust proposed those transactions






Validators remove transactions if most other validators they trust didn't propose them.

(The removed transactions are usually proposed again for inclusion in the next ledger version.)

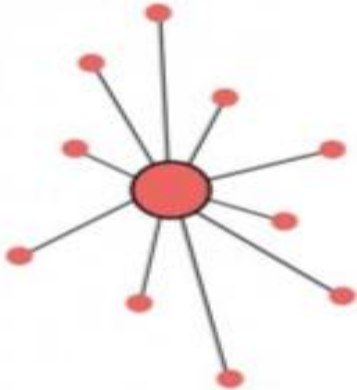
Round 2

Decentralised vs Centralised Ledgers



The New Networks

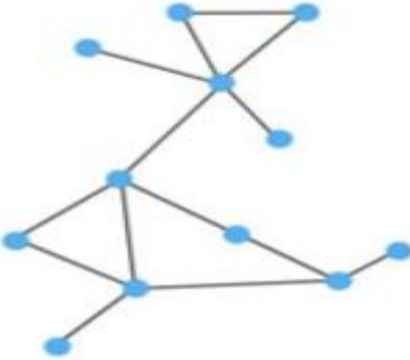
Centralized



Centralized systems have a core authority that **dictates the truth** to the other participants in the network.


Only **priveleged users** or institutions can access the history of transactions or confirm new transactions.

Decentralized



Decentralized systems have **no core authority** to dictate the truth to other participants in the network.

Every participant in the network can access the history of transactions or confirm new transactions.

 Blockgeeks

So which is best?

- **Proof of Work (POW)** requires the harnessing of large amounts of energy, with miners needing to mine coins 24/7/365 and sell their coins to ultimately cover the energy bill, operating costs and profit. It is slow, hugely damaging ecologically, expensive and ultimately not scalable.
- **Proof of Stake (PoS)** gives mining power based on the percentage of coins held by a miner. This method results in large 'gas fees' and can make transactions expensive and slow. Scalability is therefore a huge issue.
- **Consensus Method** - No need to mine coins as they are created at inception (pre-mined), cheaper, faster, more environmentally friendly and generally much more scalable.

The best known Blockchain that uses PoW is Bitcoin, Ethereum now uses PoS and XRP uses the Consensus method to validate transactions

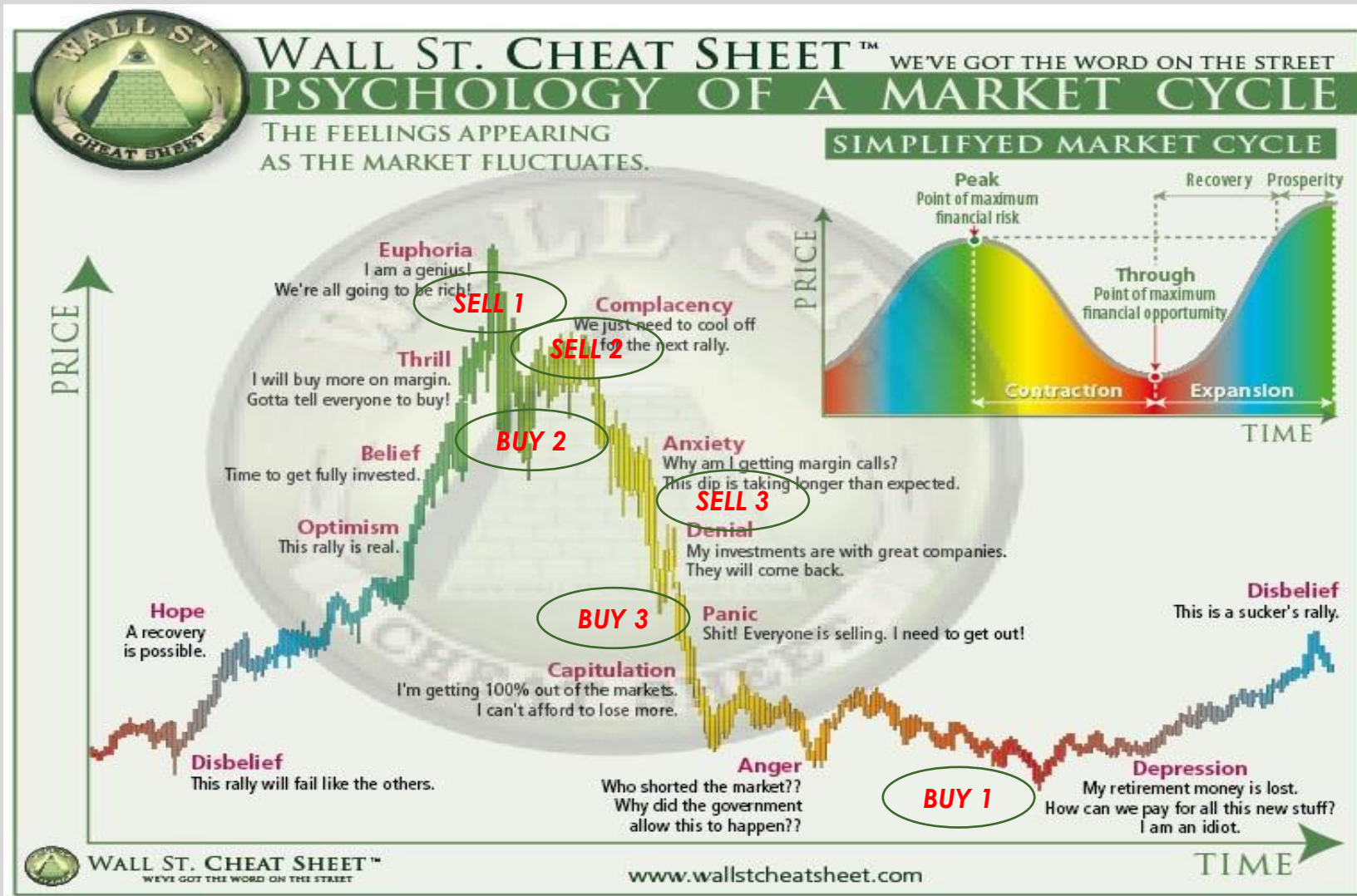
Bitcoin and Ethereum are considered as centralised Ledgers by many as for Bitcoin over 65% of mining is performed by only a few mining pools and they control over 51% of the Bitcoin supply. For Ethereum most of the supply is held by only a few wallets, the owners of which are largely unknown.

XRP, Hedera Hashgraph, Algorand, XDC and a host of other protocols, by contrast, use Validators to independently validate transactions and ensure their respective Ledgers always remain Decentralised.

Trader or Investor – which one are you?

Type	Pros	Cons
Trading	<ol style="list-style-type: none">1. Higher potential profits2. Capital only tied up short term3. Leveraged Trading options4. Ability to 'long' and 'short' the market	<ol style="list-style-type: none">1. Higher potential losses2. Over 90% of Traders lose money3. Leveraged Trading can wipe out a trader in minutes [Market Makers can see Limit orders and can 'flash crash' an asset4. Vulnerable to price volatility5. Labour intensive (potentially on a computer screen for hours every day)6. More stressful!
Investing	<ol style="list-style-type: none">1. Less vulnerable to price volatility due to long-term mindset2. Not labour intensive3. Less risk of losses4. More likely to make profit5. Less stressful!6. Dollar Cost Averaging can help smooth out any volatility in prices	<ol style="list-style-type: none">1. Capital tied up medium to long-term2. Lower potential profits3. Cannot profit from 'shorting' the market

PSYCHOLOGY OF A MARKET CYCLE - TRADER

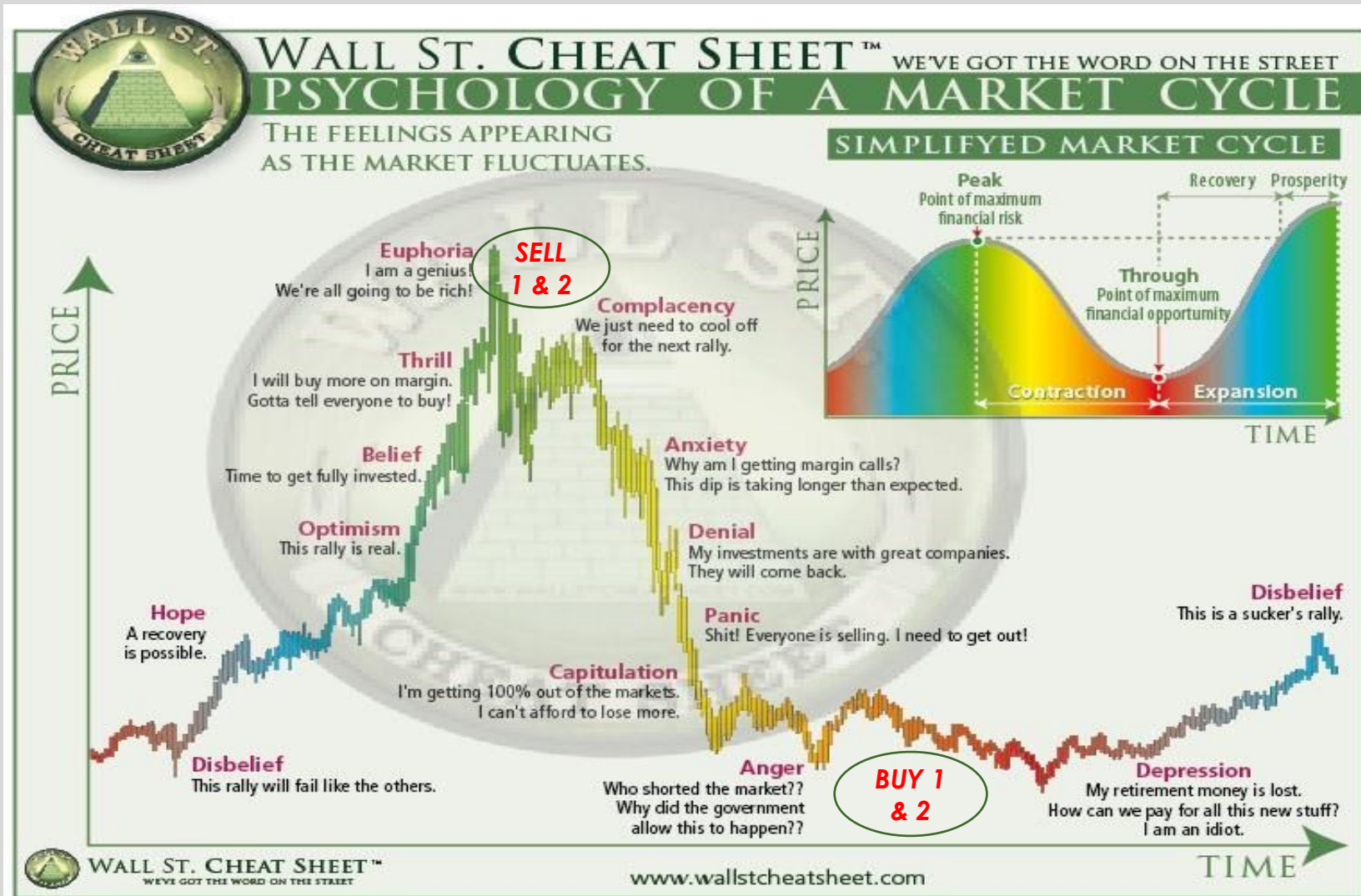


Key BUY and SELL Indicators

1. Social Media frenzy – Twitter etc going mad with 'moon' talk, celebs telling you to buy, marked increase in positive Media coverage and articles. **LOOK TO SELL** at this point (Euphoria)
2. Social Media and other Media narratives change – lots of FUD (Fear, Uncertainty and Doubt) articles on Twitter etc. **LOOK TO BUY** at this point (Between 'Capitulation' and 'Anger')

NOTE : DON'T TRY AND TIME THE EXACT TOP OR BOTTOM!

PSYCHOLOGY OF A MARKET CYCLE - INVESTOR



Key BUY and SELL Indicators

1. Social Media frenzy – Twitter etc going mad with 'moon' talk, celebs telling you to buy, marked increase in positive Media coverage and articles. **LOOK TO SELL** at this point (Euphoria)
2. Social Media and other Media narratives change – lots of FUD (Fear, Uncertainty and Doubt) articles on Twitter etc. **LOOK TO BUY** at this point (Between 'Capitulation' and 'Anger')

NOTE : DON'T TRY AND TIME THE EXACT TOP OR BOTTOM!

Market Manipulation – watch what they DO and NOT what they say...

For those of you who might think that everything is simply 'fate' or 'coincidence' you should perhaps take note of the following ;



After a Few Harsh Statements from Executive Jamie Dimon, JP Morgan Ltd., and Morgan Stanley Purchase Bitcoin ETNs

According to public records of Nordnet trading logs, the two associated firms JP Morgan Securities Ltd., and Morgan Stanley bought roughly 3M euro worth of XBT note shares. Interestingly after the recent regulatory crackdown in China, and the statements from JP Morgan's senior executive Jamie Dimon talking trash about bitcoin, his firm bought the dip on September 15. In fact, out of all the companies on the list, like **Goldman Sachs** and Barclays, the JP Morgan team of buyers purchased the most XBT notes.

The 6 stages of market manipulation illustrated 'perfectly'



BUYING	BUYING
SELLING	BUYING
SELLING	SELLING

The table displays six news headlines related to Jamie Dimon's statements on Bitcoin, arranged in a 3x2 grid. Each headline is circled in green, and a red label (BUYING or SELLING) is placed next to it. The headlines are:

- Top Left: "Jamie Dimon: Virtual Currency Will Be Stopped" (BUYING)
- Top Right: "JPMorgan CEO Jamie Dimon says bitcoin is a 'fraud' that will eventually blow up" (BUYING)
- Middle Left: "Jamie Dimon says he regrets calling bitcoin a fraud and believes in the technology behind it" (SELLING)
- Middle Right: "Jamie Dimon says bitcoin is 'not my cup of tea' even as JPMorgan has warmed to crypto" (BUYING)
- Bottom Left: "JPMorgan Says Investors Could Make Bitcoin 1% of Portfolios" (SELLING)
- Bottom Right: "JPMorgan may offer actively managed bitcoin fund: report" (SELLING)

ARE DIGITAL ASSETS SAFE?

The simple answer to that is largely 'Yes', because ;

- The world's biggest and well known Billionnaires and institutions are heavily investing in it
- Central banks and Regulators are slowly regulating the asset space specifically to provide regulatory clarity to market players, Banks and to help protect consumers
- A number of Exchanges where you can purchase Digital Assets provide a guarantee on your asset holding (Coinbase offer up to \$1m for example)
- They are specifically designed to be deflationary in nature and therefore a hedge against falling fiat currency values and high inflation

WHY SHOULD I BUY DIGITAL ASSETS?

- the Digital Asset class is in its nascency and will only get much bigger as the entire globe moves in to the market, which will increase prices substantially
- You can already buy coffee at Starbucks and Coca Cola at vending machines using various digital assets and this will be rolled out to EVERY product and service over the next 5-10 years. You can also donate to charity for example using digital assets.
- Investors who bought Bitcoin before the 2017 Bull Run for \$10,000 sold them for over \$1m.
- Tokenisation is beginning to occur ; soon EVERYTHING of value will be tokenised including Real Estate and Art