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HOW TO INVEST GUIDE

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HOW TO INVEST IN CRYPTO: 7 KEY POINTS FOR CREATING DIGITAL WEALTH

If you’re thinking about investing in cryptocurrency, you’re making a smart move. Because if you look at the smart money, those investors are doing exactly the same.

That said, cryptocurrency isn’t without risk. Which is why it pays to learn about cryptocurrency investing before you take the plunge. We’ve written this guide to give you a 7-step framework to follow.

Read it, highlight the key points, then you’ll be ready to invest.

…let’s go.

STEP 1:
NO MATTER YOUR BUDGET, ALWAYS DIVERSIFY

Let's start by answering a common question, 'What is diversification?'

Simply put: diversification means spreading your investments across different types of assets.

Diversification is a good strategy because it **reduces the overall risk of a portfolio** (which is crucial for preserving wealth while still allowing for growth).

Better *still*, on average, a **diversified portfolio will produce a better ROI** than a non-diversified portfolio.

So… now you know why diversification is a good idea, let's move onto *budgeting*.
These days, finance professionals suggest setting **10-15% of your annual income aside for investments.** The problem is, cryptocurrency is riskier than many standard investment assets.

And this level of risk won't suit everyone.

That's why a better crypto rule of thumb might be, '*Invest a <u>maximum</u> of 15% of your annual income but <u>never</u> invest more than you're willing to lose.*'

...because if things go really wrong, you really could lose it all.
That said, as the market matures, with the likes of Microstrategy and Tesla now diversifying into Bitcoin, the risk is going down…
At least, to a degree.

But the dangers remain. And crypto is still riskier than other investments. Moreover, **authorities like the FDIC don't offer insurance**, so please: don't get carried away, no matter what the media — or your friends — say.
Budget wisely… and diversify.

STEP 2:

GET YOUR SECURITY IN ORDER

In the world of decentralized wealth, security is more important than ever.

Because while you no longer pay a bank to process transactions, you also don't have a bank to manage your account security.

That means the **only thing standing between you and a potential breach is, well, you**. And if you make a misstep, you could fall prey to one of the many hacks you keep reading about in the news.

Phishing scams are as rife as ever, with criminals stealing private keys every day. And while exchange hacks are less common, they're arguably more traumatizing.

But know this: securing your funds isn't hard.

In no more than ten minutes, you can have your crypto under virtual lock-and-key, entirely out of harm's way. How so?

You have two ways, let us explain.

1. If you want to keep things super simple, all you need is a bit of paper. Note down your private key on it, then store that bit of paper in the safest place possible.
2. If you want to use a properly secure solution, get yourself a hardware wallet. These are portable USB sticks that you plug into your computer any time you need to deposit or move funds.

Hardware wallets are otherwise known as 'cold storage' — that's to say, they're offline, meaning criminals have no way of accessing your funds, so they're immune to remote hacks.

At Elitium, we always ask clients to enable 2FA when they set up an account. And we use anti-phishing codes as well.

That's on top of the **three insurance policies** we've taken out to protect client funds and alongside the **custody services provided by AMDAX** (the Netherlands' first crypto asset manager registered with the Dutch Central Bank).

Our CTO has also worked in cybersecurity since 1997, meaning if you follow our advice as well as using the Elitium platform, your funds will be as secure as digitally possible.

STEP 3:
ALWAYS INVEST FOR THE LONG TERM

Did you know that in any given year, **9 out of 10 active asset managers** actually *underperform* the S&P 500?

(If you didn't, that's probably because they hide the fact quite well.) And it's also why you need to invest over the long term, whether that's in stocks and shares…

Or crypto — because you need to **give markets time to move through bullish and bearish cycles** if you're going to get a return. After all, everyone will experience a market downturn at some point in their lives.

But if you **bide your time and resist the urge to sell**, you will see the good times return. Just weather the storms, and the sun will eventually re-appear.

STEP 4:
KEEP ON LEARNING

Blockchain is a relatively new technology. And many of the investment products you see are newer still.

Terms like **staking, decentralized finance** (DeFi), **liquidity pools**, and **yield farming** have only been around for a short while, and we know they can seem intimidating. But if you work to educate yourself, you'll quickly feel at home in the crypto-verse…

While the more you read, the better you'll get at spotting trends (versus short-lived fads). Because there'll always be the next *'Ethereum-killer'* grabbing headlines, which you'll learn to ignore, even as the price enjoys a short-term pump.

Then, when a real game-changer solution arrives, like DeFi, **you'll be one of the first to understand the potential**.

Let's start your learning streak today with a quick look at Stablecoins.

A **stablecoin is a cryptocurrency that pegs its value to a real-world asset** (for example, USDC pegs its value to the US Dollar, meaning the price of 1 USDC is always $1).

— *"...and what's the point in that?"* you ask.

Well, stablecoins offer a level of **stability in particularly volatile times**, helping investors mitigate losses during a bearish cycle by *diversifying* into the USD-pegged coin.

Stablecoins also offer a **far more efficient way to transfer value**. Because a stablecoin is a cryptocurrency, after all, meaning it's a quick, secure, and trustless way to send money anywhere in the world.

Finally, stablecoins **enable one of the most attractive DeFi products**: a *USD Stable Savings* account.

This DeFi savings account is a **highly liquid, zero-volatility** product that lets crypto investors earn a **consistent APY**, no matter the market conditions. (In contrast, a product like **EUM staking** offers a higher APY, but EUM's value can go up and down.)

That's the end of your first lesson.

To learn about more emerging trends, Coindesk, Cointelegraph, and Newsbtc are three of the most respected media outlets in the industry.

...or why not sign up for the Elitium newsletter for more focused updates?

STEP 5:
DEFI IS THE CORNERSTONE OF DIGITAL WEALTH

Traditional finance has worked wonders in years gone by, with banks extending credit to businesses and helping build economies, ultimately creating wealth.
But traditional finance has had its day.

The globalized world we now live in needs an altogether more efficient system: one **without borders that promises to serve more people in a less centralized way. Decentralized Finance (DeFi, for short) is that system.**

DeFi refers to an ecosystem of decentralized applications (dApps) built on blockchain networks. And as the dApps work without a middleman, they enable **open-source, permissionless, and trustless financial products and services.**

Anyone can access DeFi. Which means users have full control over their assets, alongside complete freedom to lend, borrow, and save without ever contacting a bank — but if you're still struggling to grasp the concept, let's put it in the context of Elitium.

Thanks to our decentralized ecosystem, users can choose any of several DeFi products to earn a yield, including:

- **Elitium Staking:** Earning up to 7.9% APY
- **Elitium Masternodes:** Earning up to 28.9% APY
- **USD Savings:** Earning up to 3.40% APY
- **Gold Savings:** Earning up to 1.2% APY
- **Tokenized Assets:** Earning up to 5.1% APY

Better still, our platform makes it easy to diversify a portfolio (remember we spoke about this in point one).

All you have to do is allocate your funds, click 'Earn,' and you're done!

STEP 6:
KNOW WHAT MAKES A STRONG PROJECT

With over 10,000 cryptocurrencies now listed on Coinmarketcap, how can you tell which are good and which are destined to fail?

In truth, you can't…

But you can improve your chances of picking a winner by following some simple rules.

1. Find A Great Team
Meaning either finding people with experience in blockchain — or expertise in the industry they're working in. Better yet, if the team is a mix of business and blockchain professionals, all the more compelling.

2. Find A Project With A Working Product
You're more likely to see life-changing returns if you can find a relatively new project that has scope for growth. Now, 'relatively new' doesn't mean a team with an idea, a white paper, and nothing more.

It means a team with a product in the wild and an active user base… but plenty still left to do.

A **great team** with a **working product** and **actual users** proves there's a **market need** — while having plenty to do suggests there's ample upside potential.

STEP 7:
MAKE SURE IT'S EASY TO CASH OUT

'You're just crypto rich' isn't just a saying.

It's a *problem* — because **if you hold a crypto that you can't convert into your local currency,** you're not rich at all.

That's why you should never buy a cryptocurrency that you can't trade on an exchange that's available in your local jurisdiction. If you do, you'll find you have no way of realizing your gains, no matter how well the crypto does.

So, before you buy:

1. Check **which platforms list trading pairs** for your coin
2. Make sure at least one of the platforms is **available in your country**
3. Triple-check the platform has **high trading volumes, positive user reviews**, and **no history of hacks**

Now, try to sign up.

Provided that you can open an account, you'll know you can cash out your cryptocurrency with ease, whereas if you can't…

You'll end up with little to show from being crypto-rich.

IT'S TIME TO DIVE A LITTLE DEEPER

As you get more comfortable with cryptocurrency, you'll want to explore all the options on the table.

And as we mentioned in point 5, DeFi is perhaps the most attractive of them all.

DeFi lets you **earn a yield on cryptocurrency balances**, meaning that you don't have to wait for the market to bounce to see your investments go up. You can just put your holdings in a DeFi account and **start receiving anywhere from 2 - 28% APY**.

We'll share more on how this works in a later guide. For now, stay on your crypto-learning adventure so that when the next guide arrives…

You'll be ready to dive into DeFi.