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A Brief Investment Guide For Cryptocurrencies

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The investment world saw tremendous changes in 2017 when bitcoin rose in value twenty-fold, Ethereum saw a humungous surge of more than 11,200 percent, and Ripple had a whopping gain of 10,000 percent.

Like the internet exploded our worlds, Cryptocurrency is another such industry that is deemed to proliferate for several decades to come.

The robust blockchain technology has established Cryptocurrency's whole business as a decentralized system of money management, making it a much easier and free mode of transaction that centralized digital currencies and central banks.

If you are a newbie in the crypto world, you must first understand how this trade works before dabbling into it. There are huge gains along with huge risks involved, and unless you are sound in your knowledge, you cannot depend on the so-called crypto experts in the market.

How does the crypto world of investment work?

The new entrants in the crypto world would indeed have questions like "how do you buy cryptocurrencies", "which coins to buy", etc. Let's get into the details of this before you even buy your first coin.

- You can use an exchange for the purchase or sale of cryptocurrencies. There are different kinds of exchanges; some offer a plethora of currencies while some have a limited number of cryptocurrencies. So, choose an exchange with this thing in mind.
- If you do not want to go through exchanges, you can trade cryptocurrencies directly with people via peer-to-peer digital asset platforms.
- You could also use [crypto brokers](#), an institution that helps its customers buy and sell many different cryptocurrencies like bitcoin, Litecoin, Ethereum, etc. You could use fiat currency to buy cryptocurrencies with crypto brokers.
- Once you have the cryptocurrencies in your kitty, you must keep them in a crypt wallet, which is a safe and secure online way of keeping your currencies till prices increase. You can then sell them at a profit. Some exchanges also allow holding the currencies by investors, it is always advisable to withdraw and hold them in a private wallet to keep them away from theft and hackers.

What to buy – the investment strategies

As with any investment, returns from cryptocurrencies can be maximized by diversification. Your crypto portfolio must have a range of coins in it, which would ensure reliability and profitability and also reduce risks.

- Invest in altcoins – This refers to all cryptocurrencies except for bitcoin. There are more than 5000 currencies in this portfolio, and they accounted for 34% of the total cryptocurrency market in 2020.
- Analyze charts and graphs of a coin you want to invest in so that you know its average price in the last one year. Look for dips in prices of the coin and invest when it is at a low cost sooner or later it will jump back.
- Choose the right crypto wallet. Some of the popular ones are the Coinbase wallet, Jaxx liberty wallet, Guarda wallet, Exodus wallet, KeepKey wallet, etc.
- Do not get into any loans to invest in cryptocurrencies.
- Use risk management tools and indicators that can do a great job of protecting you against the downside, for a small fee.
- 80/20 rule – To safeguard against the volatility of the crypto market one must follow this blend of large to mid-cap and small-cap. This would provide you sizeable gains in small to mid-cap while you hold on to more stable coins.

If you have time to trade, then you must consider the following trade durations:

1. Coins that are smaller in size and more volatile give good earning intraday. You should invest only 20% of your investment pool in such coins.
2. The largest coin should be part of your long-term strategy.
3. A medium-term strategy is anything which is beyond intraday but less than a month. For such an investment have a blended portfolio comprising of a small, medium, and large-cap coins.

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