



Long-Term Investment Research Framework

Exercise Progress: 1 of 49 Steps Completed

Cryptocurrency Chosen: Bitcoin

Year that Bitcoin was founded: 2008

First date Bitcoin was traded: 1/12/2009

Ticker Symbol for Bitcoin is: BTC

Block Time (Time to Create New Bitcoin) is: About 10 minutes

STEPS 3-5: Bitcoin Price, Restrictions, Purpose, Your Opinion on Long Term Strategy:
 Check this box when you understand Steps 3-5

<p>Market Capitalization: \$ 147.06B</p> <p>Bitcoin Price: \$ 8,636.20</p> <p>52 Week Low: \$ 1,594.59</p> <p>52 Week High: \$ 19,870.62</p> <p>Country of Origin: N/A</p>	<p>STEP 4: What is the Brief Purpose of Bitcoin (What Problem is it Solving)? Bitcoin is a digital currency that can be traded on the blockchain, the decentralized digital ledger. Bitcoin was built to transact and send money between two or more parties anonymously.</p>
<p>STEP 3: Any Restrictions for Bitcoin in: Canada (Click me)?</p> <p>(Click me to answer)</p>	<p>STEP 5: What is Your Brief Opinion On the Long-Term Strategy of Bitcoin ? I think that because Bitcoin has been around the longest and has gone through numerous ebbs and flows it has lots of promise for long-term viability as a potential substitute for gold (meaning this is digital gold). Bitcoin also has the benefit of being the notable first crypto to gain wide acceptance (first mover advantage).</p>

STEPS 6-17: Bitcoin Sources to Read/Review/Research and Stay on Top of:
Please click on the green cells below to mark each as Done or N/A.

Click the Green Shaded Cells Below to Select Done, Not Done or Not Applicable

STEP 6:	Not Done	Did you sign up for Bitcoin Google Alerts at alerts.google.com? Click me to go to alerts.google.com.
STEP 7:	Not Done	Did you read the whitepaper for Bitcoin? Click me to access the Bitcoin whitepaper.
STEP 8:	Not Done	Did you sign up for Meetup.com meetings in Canada for Bitcoin? Click me to access local meetups in Canada for Bitcoin (if available).
STEP 9:	Not Done	Using Twitter, have you followed official Bitcoin Twitter feed? Click me to access Twitter to follow the official Bitcoin Twitter feed.
STEP 10:	Not Done	Have you tried the product (meaning have you bought or sold fractions of or an entire Bitcoin)? If not, please watch the lesson in Part 2 of the course on how to buy Bitcoin.
STEP 11:	Not Done	(Optional) Have you used Github.com to research Bitcoin? Click me to access Github.com and read about/research Bitcoin
STEP 12:	Not Done	(Optional) Have you used Reddit.com to research Bitcoin? Click me to access Reddit.com and read about/research Bitcoin
STEP 13:	Not Done	(Optional) Have you used YouTube to research Bitcoin? Click me to access YouTube.com and read about/research Bitcoin
STEP 14:	Not Done	Have you reviewed the contents and resources on the Bitcoin website? Click me to access the official website for Bitcoin
STEP 15:	Not Done	(Optional) Have you reviewed the Wiki website contents and resources for Bitcoin? Click me to access a helpful Wiki resource for Bitcoin
STEP 16:	Not Done	Have you reviewed the non-editorial articles for Bitcoin on Coindesk.com? Click me to access Coindesk.com articles for Bitcoin
STEP 17:	Not Done	Have you analyzed how Google search trends have changed for Bitcoin? Click me to access Google search trends for Bitcoin Optional: enter your thoughts in the space below on the change in search interest over the past 12 months.

STEPS 18-21: Bitcoin Qualitative Investment Research Comments (Background + Pros & Cons):
 Check this box when you understand Steps 18-21.

STEP 18: What is Bitcoin? This is similar to Step 4, with much more detail on the background of Bitcoin.
Bitcoin was built to transact and send money between two or more parties anonymously. It's safe to assume that the initial purpose of Bitcoin was to democratize commerce and enable borderless peer to peer transactions without paying global fees to any middleman. Despite Bitcoin's positive purpose of intent, it gained notoriety from more infamous, negative use cases, like Silk Road. Silk Road was the first darknet market, where you could purchase illegal items online, most notably illegal drugs, using Bitcoin as currency. However, Silk Road was shut down in October of 2013, and while Bitcoin still has use cases for illegal activities, most Bitcoin users and owners today are NOT using it for nefarious purposes. Like any new industry, there will be unintended use cases that materialize out of the product's infancy detracting from its core mission and value proposition.

STEP 19: Why does Bitcoin exist?
To understand why Bitcoin exists it is crucial to understand where it all began. The creator of Bitcoin, Satoshi Nakamoto, is the man or woman (or group of men & women) credited for creating Bitcoin (and the white paper) whose whereabouts are completely unknown. To date, many are still trying to figure out who Satoshi is and why they are so elusive. Please watch the Intro to Blockchain lecture earlier in the course to learn more about this. While Bitcoin has obtained immense popularity as the first ever cryptocurrency, there have been other cryptocurrency-like proposals before bitcoin, like bitgold and b-money. The major use cases that Bitcoin is utilized for today include remittances, limiting the risk of exchange rates, protecting against inflation (like digital gold) and as a new form of global digital currency.

STEP 20: What are the pros (positive attributes of) Bitcoin ?
Because Bitcoin is the first cryptocurrency ever created, it is the most widely accepted and simple cryptocurrency to trade in the current crypto market—not to mention it has the largest market capitalization and is a borderless currency. Due to Bitcoin's ubiquitous adoption, there are tons of sufficient and accessible resources online (<https://bitcoin.org/en/resources>) and offline for people to learn more about Bitcoin and the world of cryptocurrency & blockchain technology. Additionally, Bitcoin has a large community, which is very unlikely to falter or suddenly vanish like some altcoin communities have. The quality and size of a cryptocurrency's developer community play a huge impact on its ability to survive well into the future. These advantages combined with media coverage have led to a substantial increase in the social awareness of Bitcoin.

STEP 21: What are the cons (negative attributes of) Bitcoin ?
Bitcoin has high transaction fees and problems with scaling: as it takes, on average, 10 minutes to mine with bitcoin blocks being restricted to 1MB in size, which equates to only 3 transactions per second causing a significant rise in the number of transactions to be mined. This causes the transaction fee to also increase since Bitcoin miners prioritize transactions with higher fees. Also, it is not widely accepted by advisors and professionals from the finance world, causing disequilibrium in the market. Lastly, Bitcoin has a consensus problem, which makes reaching agreement more difficult because of Bitcoin's large community. Different people support different parts of the greater Bitcoin community causing a deliberation process that slows the progression and execution of Bitcoin updates.

STEPS 22-24: Bitcoin Management Team, Investors, Developers, Partners, Customers:
 Check this box when finished with Steps 22-24.

STEP 22: What is the management team like for Bitcoin? Include information like your thoughts on the quality of the CEO, the quality of the developers that work there, the quality of board, the quality of investors etc (check out crunchbase.com and comment on VC investors if applicable).
Bitcoin was created by Satoshi Nakamoto and Martti Malmi and is now an independent open source project that is controlled by all Bitcoin users globally. In other words, there is no CEO or centralized authority behind the Bitcoin network. The developers of Bitcoin who work on improving the software are some of the best in the world but even they do not have the authority to change the rules of the Bitcoin protocol.

STEP 23: What is the developer community like for Bitcoin? Include information like do you think they seem committed to improving the cryptocurrency or are they opensource or not, etc.?

Bitcoin has a mature, open-source developer community where anyone can contribute research, peer review, testing, documentation, and translation to the project. The people working on Bitcoin Core can be separated into two categories: maintainers and contributors. Maintainers are the janitors who merge and ensure patches are safe and in line with the goals of the project. Anyone who participates in code, review, test, translation or documentation to the Bitcoin Core project is considered a contributor.

STEP 24: Does Bitcoin have any notable reference customers or partners (i.e., large companies or government agencies that use or have positive things to say about Bitcoin)?

Overstock.com, DISH network, Microsoft, Intuit and PayPal are just a handful of name-brand organizations that support and utilize Bitcoin's technology.

STEPS 25-26: Bitcoin Security & Differentiation Versus the Competition: Check this box when finished with Steps 25-26.

STEP 25: Please comment on the strength of the security of Bitcoin when compared to other cryptocurrencies.

Bitcoin would be the hardest cryptocurrency to perform an attack on because it would take a lot of mining power, in turn, requiring lots of electricity. One common security woe for Bitcoin investors and users is that the creator of Bitcoin, Satoshi Nakamoto (who owns ~5% of Bitcoin), could sell his coins, effectively flooding and temporarily devaluing the market.

STEP 26: How is Bitcoin different from other cryptocurrencies (in addition to differences in security protocols if applicable)?

Bitcoin is the first and largest cryptocurrency which is referred to by most of its users as digital gold.

STEPS 27-28: Wallets and Exchanges that Support Bitcoin: Check this box when finished with Steps 27-28.

STEP 27: Of the 6 exchanges discussed in this course, can you transact in Bitcoin on all 6 of these exchanges: GDAX, POLONIEX, KRAKEN, BITTREX, GEMINI, and BINANCE? If not, which of the 6 aforementioned exchanges do not currently accept Bitcoin?

Of the 6 exchanges discussed in the course, all of them support Bitcoin.

STEP 28: Of the 8 wallets discussed in this course, can you use Bitcoin with all 8 of these wallets: QR CODE PAPER BASED WALLET, TREZOR, LEDGER NANO S, DIGITALBITBOX, KEEPKEY, COINBASE, ELECTRUM AND BLOCKCHAIN? If not, which of the 8 aforementioned wallets do not currently accept Bitcoin?

Of the 8 wallets discussed in the course, all of them support Bitcoin.

STEPS 29-30: Current and Maximum Supply # and Date of Maximum Supply of Bitcoin: Check this box when finished with Steps 29-30.

STEP 29: What is the current supply of shares of Bitcoin available today?

The current supply of Bitcoin is about 17 million.

STEP 30: What will be the maximum supply of shares of Bitcoin available AND what approximate year will the maximum supply be at (ie 2040)?

The maximum supply is 21 million and it is estimated that by 2140 all Bitcoins will be in circulation.

STEPS 31-33: Country, Accounting and Bug Risks of Investing in Bitcoin: Check this box when finished with Steps 31-33.

STEP 31: If applicable, who is the auditor of Bitcoin and are they reputable/well known in their country of origin or country of incorporation?

N/A

STEP 32: Are there any notable country or regulatory risks when it comes to Bitcoin that might hurt the ability of Bitcoin to be successful in the long-run when compared to other cryptocurrencies?

Some countries have banned Bitcoin exchanges and cryptocurrencies altogether. Regulations have a huge impact on Bitcoin and not a very friendly one for the most part. For example, Bitcoin lost a material part of its value when Coinbase launched an internal investigation.

STEP 33: Are there any code bugs for Bitcoin that are a concern for investors?

There have been bugs but the code base is open-source and under constant review and amendment by the developer community.

STEPS 34-35: What would make you MUCH MORE or MUCH LESS positive on Bitcoin? Check this box when finished with Steps 34-35

STEP 34: What would make you MUCH MORE positive on Bitcoin (meaning what news development, contract, etc would make you much more positive)?

I would be much more positive on Bitcoin if governments were open to adopting and using the technology at a faster rate.

STEP 35: What would make you MUCH LESS positive on Bitcoin (meaning what news development, contract, etc would make you much less positive)?

I would be much less positive on Bitcoin if one day Satoshi Nakamoto sold all of his Bitcoins and flooded the market.

STEPS 36-39: Mining Incentives, Reddit & Twitter Followers for Bitcoin: Check this box when finished with Steps 36-39

STEP 36: Is there an economic incentive for people to improve Bitcoin (ie through mining etc? Please explain)

Yes, because Bitcoin uses PoW or "Proof of Work" where the algorithm rewards participants who solve cryptographic puzzles in order to validate transactions and create new blocks (i.e.

STEP 37: How many Reddit readers does Bitcoin have?

Bitcoin has 803,469 Reddit readers, compared to an average of 192,950 for these ten cryptocurrencies: BTC, ETH, XRP, LTC, XMR, ZEC, DASH, NEO, ADA, XLM.

STEP 38: How many Twitter readers does Bitcoin have?

Bitcoin has 834,000 Twitter readers/subscribers, compared to an average of 363,890 for these ten cryptocurrencies: BTC, ETH, XRP, LTC, XMR, ZEC, DASH, NEO, ADA, XLM.

STEP 39: [Optional] Write in the space below the name of another social media company like Twitter that is worth tracking in your country when doing research on Bitcoin and comment on the metrics relative to other cryptocurrencies similar to what you have done in Step 38.

STEPS 40-43*: Quantifying an Estimate on the Long-Term Target Price for Bitcoin: Check this box when finished with Steps 40-43*

In this step, we will use several assumptions for coming up with an approximate long term target price on Bitcoin. Please answer questions 40-43 in order to arrive at a target price based on your assumptions. This is meant as a guideline for one way we can think about quantifying a target price. Please read the 6 facts below before answering the questions; thanks:

* Please note that the source of the data for the size of markets used in the facts below are at this website (click me to go there): money.visualcapitalist.com/worlds-money-markets-one-visualization-2017/

Fact #1: Stock Market Combined Value: The value of all stocks added up (meaning the combined global market cap of stocks) is in US \$: \$73,000,000,000,000

[Please note that \\$73,000,000,000,000 US dollars in Canadian dollars is 93,934,940,000,000 using an exchange rate of 1.28678 per \\$1 US dollar \(you can change this rate by clicking on me or by clicking on the settings button\).](#)

Fact #2: The World's Largest Stock Value: The value of the largest company in the world on the stock market (which is Apple) is: \$865,000,000,000

[Please note that \\$865,000,000,000 US dollars in Canadian dollars is 1,113,064,700,000 using an exchange rate of 1.28678 per \\$1 US dollar \(you can change this rate by clicking on me or by clicking on the settings button\).](#)

Fact #3: % of the Stock Market Value in the Largest Stock: The % value of the largest stock as a % of the world's market cap is about: 1%

Fact #4: The Value of the World's Money Supply: The total of all of the money supply added up in the world is: \$90,000,000,000,000

[Please note that \\$90,000,000,000,000 US dollars in Canadian dollars is 115,810,200,000,000 using an exchange rate of 1.28678 per \\$1 US dollar \(you can change this rate by clicking on me or by clicking on the settings button\).](#)

Fact #5: According to www.CoinMarketCap.com, the market cap of all cryptocurrencies is: \$422,000,000,000

[Please note that \\$422,000,000,000 US dollars in Canadian dollars is 543,021,160,000 using an exchange rate of 1.28678 per \\$1 US dollar \(you can change this rate by clicking on me or by clicking on the settings button\).](#)

[Click me to get this fact by scrolling down to the bottom of this page for the data source: https://coinmarketcap.com/all/views/all/](https://coinmarketcap.com/all/views/all/)

Fact #6: The percent of the market cap of all cryptocurrencies as a percent of all money supply in the world is: 0.47%

Please note, the target price (below this box) is just a sample, please watch the video associated with this called **(A+B) Using My Investment Framework to Analyze Bitcoin** for more details.

You can update your version of the target price in the upcoming lecture, called: **(A+B) An Exercise on Creating YOUR Version of the Bitcoin Investment Framework**. For more details, please watch **(A+B) An Exercise on Creating YOUR Version of the Bitcoin Investment Framework**. Thanks

STEP 41: What percent of the ENTIRE cryptocurrency market do you think Bitcoin will have in cryptocurrencies in 20 years? Use the grey up and down arrows on the right to select your answer in the green box...or just type your answer in the green box:

10 % ▲ ▼

Based on your answer of 10%, this implies that your 20 year estimate of the value of the market cap of Bitcoin will be **900,000,000,000 US dollars.**

[Please note that \\$900,000,000,000 US dollars in Canadian dollars is 115,810,200,000,000 using an exchange rate of 1.28678 per \\$1 US dollar \(you can change this rate by clicking on me or by clicking on the settings button\).](#)

STEP 42: What do you think the supply of coins for Bitcoin will be in 20 years? Use the grey up and down arrows on the right to select your answer in the orange box...or just type your answer in the orange box. You can use the answers in Steps 29 and 30 if you want to:

20 Million coins ▲ ▼

Based on your answer of 20 million coins, this implies that your 20 year estimate of the value of the price of Bitcoin will

Please note, the target price (below this box) is just a sample, please watch the video associated with this called **(A+B) Using My Investment Framework to Analyze Bitcoin** for more details.

You can update your version of the target price in the upcoming lecture, called: **(A+B) An Exercise on Creating YOUR Version of the Bitcoin Investment Framework**. For more details, please watch **(A+B) An Exercise on Creating YOUR Version of the Bitcoin Investment Framework**. Thanks

WHAT ABOUT DISCOUNTING THE FUTURE VALUE? You might now be thinking that if we are forecasting what the target price will be in the future, then we should discount that future price into today's amount as a dollar that we receive in the future is worth less than a dollar that we receive today (if that sounds confusing, please make sure to watch the lecture called "(A+B) Steps 40-43: Estimating on the Long-Term Target Price on the Crypto"....and think of the reverse logic....meaning if we invested \$1 in the bank today, it would be worth more in the future because of interest that we would make in our bank account...so we would prefer to get that \$ today rather than in the future. The math below will clear this up).

[Optional] STEP 43: If you wanted to discount the future price into today's value using your own discount number of years and your own interest rate, then please plug those 2 parameters into the boxes on the right to get a more conservative discounted price as of today.

Enter Discount # of Years: 20	Enter Discount Interest Rate: 10%
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Based on all of the assumptions listed above, and using a discount time period of 20 years and using a discount interest rate of 10%, the target price for Bitcoin is \$6,689

STEPS 44-49: Technical Analysis for Bitcoin: Check this box when finished with Steps 44-49

Please watch the lesson mentioned in the yellow box on the left before looking at the technical analysis concepts below. Please note that the aforementioned lesson will explain how to look at charts when you do your technical analysis (please please please focus much more time on your long term fundamental analysis instead of technical analysis).

Bitcoin Price: 8,636.2

STEP 44: AVERAGE 3 MONTH VOLUME DATA:

Please look at the average 3 month volume of Bitcoin in the data for Step 44. Is this cryptocurrency liquid enough for you to easily buy or sell in 1 trading day? Please enter your comment below.

Average 3 Month Daily Volume for Bitcoin: 1.00B
 Avg. 3 Month Daily Volume for Bitcoin in US \$: \$8,636B US Dollars
 3 Month Daily Volume for Bitcoin in Canadian dollars: 11,113B Canadian dollars

In most cases, the cryptocurrency volume is high enough for us to be able to get in or out of within 1 day if needed. I want to put this concept on your radar screen now so that you can better assess the volume characteristic if you ever transact in less liquid cryptocurrencies as illiquid investments own us in a bad market (rather than vice versa).

STEP 45: 52 WEEK HIGH DATA:

Please look at the price of the 52 week high for Bitcoin in the data for Step 45 and comment on the data below.

52 Week High: 19,870.62
 \$ Change from 52 Week High: -11,234.42
 % Change from 52 Week High: -57%

Bitcoin is 56.54% below the 52 week high price of 19,870.62. Most of the time, the price will be below the 52 week high. If the % below the 52 week high is material, then this could indicate that sentiment is negative given a negative news item or negative sentiment on the entire crypto market or another reason.

STEP 46: 52 WEEK LOW DATA:

Please look at the price of the 52 week low for Bitcoin in the data for Step 46 and comment on the data below.

52 Week Low: 1,594.59
 \$ Change from 52 Week Low: 7,041.61
 % Change from 52 Week Low: 442%

Bitcoin is 441.59% above the 52 week low price of 1,594.59. Most of the time, the price will be above the 52 week low. If the % above the 52 week low is material, then this could indicate that sentiment is positive given a positive news item or positive sentiment on the entire crypto market or another reason.

STEP 47: 50 DAY MOVING AVERAGE DATA:

Please look at the price of the 50 day moving average for Bitcoin in the data for Step 47 and comment on the data below.

50 Day Moving Average: 8,298.97
 \$ Change from 50 Day: 337.23
 % Change from 50 Day: 2460.92%

Bitcoin is 2460.92% above the 50 day moving average of 8,298.97, which indicates that sentiment may be positive on Bitcoin. (If the % above the 50 and 200 day moving averages are positive, then, this means that sentiment could be very positive and vice versa.)

STEP 48: 200 DAY MOVING AVERAGE DATA:

Please look at the price of the 200 day moving average for Bitcoin in the data for Step 48 and comment on the data below.

200 Day Moving Average: 10,160.39
 \$ Change from 200 Day: -1,524.18
 % Change from 200 Day: -666.61%

Bitcoin is -666.61% above the 200 day moving average of 10,160.39, which indicates that sentiment may be positive on Bitcoin. (If the % above the 50 and 200 day moving averages are positive, then, this means that sentiment could be very positive and vice versa.)

STEP 49: RELATIVE STRENGTH INDEX (RSI):

What is the RSI and How Should I Consider Using the RSI Data? If you want, please watch the lesson mentioned in the yellow shaded column on the left before starting before reading the rest of Step 49. The Relative Strength Index (RSI) can indicate if too many people have been buying or selling and a technical mean reversion chart movement could occur (I generally love buying when everyone else is selling and vice versa as long as I love the underlying long term fundamentals on the underlying cryptocurrency).

Potential Buy Indication Using the RSI: An RSI close to 20, indicates that the cryptocurrency may be oversold, which is a great buy signal if you love the long term fundamentals.

Potential Sell Indication Using the RSI: If the RSI is close to 80, then this could indicate that you might want sell and book a little bit of profit and hopefully buy the cryptocurrency back at a lower level (when it is no longer overbought). There is nothing wrong will booking a little bit of profit by trading every now and then...but we are more focused on being long-term investors.

Click any cryptocurrency button below to see its RSI chart. If you don't see RSI at the bottom of the chart after clicking on one of the buttons below, then click on INDICATOR in the top left hand corner after you click the button and add the RSI. Make sure you are using the most recent dates on the chart. If you get an error message in your browser, go to finance.yahoo.com and create the chart for whatever crypto you are using. Thanks

- RSI Chart for Bitcoin
- RSI Chart for Ethereum
- RSI Chart for Ripple
- RSI Chart for Litecoin
- RSI Chart for Monero
- RSI Chart for Zcash
- RSI Chart for DASH
- RSI Chart for NEO
- RSI Chart for Cardano
- RSI Chart for Stellar

If you want, please enter your thoughts on the RSI chart that you looked at in the space below:

Here is an example on how to complete this RSI comment: "oversold now at an RSI near 20 (means a buy indication ONLY IF you are long term positive on the fundamentals of this cryptocurrency based on your research in the many many steps completed above me on this report"or.... "overbought now at an RSI near 80 (means I might consider taking a bit of profit if I own this cryptocurrency and buy that small amount back at a lower RSI....or if you want to start a position, then it might not be the right time given how overbought the RSI indicator suggests." [Please read the contents of the yellow box below thanks.]

I have to stress again, that in general, please be more long term-focused so we can be long-term owners and not merely "tourists" or "renters" of any investment. If we do our thorough research on any investment, then we are more likely to be longer-term focused (if we like the fundamentals based on our research process). This will ensure that we don't sell at the worst time and vice versa like most investors do (which often creates opportunities for the better informed investors to profit in the long run). Of course, and as a disclosure, positive returns are not guaranteed by this course...I just want to help you understand how to research investments. Thanks