



Long-Term Investment Research Framework

Exercise Progress: 1 of 49 Steps Completed

Cryptocurrency Chosen: Stellar

Year that Stellar was founded: 2014

First date Stellar was traded: 7/31/2014

Ticker Symbol for Stellar is: XLM

Block Time (Time to Create New Stellar) is: 3-5 seconds

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

<p>Market Capitalization: \$ 6.08B</p> <p>Stellar Price: \$ 0.33</p> <p>52 Week Low: \$ 0.01</p> <p>52 Week High: \$ 0.92</p> <p>Country of Origin: USA</p>	<p>STEP 4: What is the Brief Purpose of Stellar (What Problem is it Solving)? Stellar is making it more efficient, low-cost and secure to make interbank global transfers in less than 5 seconds. The Stellar Development Foundation is also working to increase financial services access to unbanked parts of the world.</p> <p>STEP 5: What is Your Brief Opinion On the Long-Term Strategy of Stellar ? I think Stellar's long-term strategy is favorable as it has many use cases and has already begun eating away at Ripple's first mover advantage as the go-to crypto for banks.</p>
<p>STEP 3: Any Restrictions for Stellar in: Canada (Click me)?</p> <p>(Click me to answer)</p>	

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

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

STEP 18: What is Stellar? This is similar to Step 4, with much more detail on the background of Stellar.
Stellar is a decentralized protocol for sending and receiving money in any pair of currencies. In simpler terms, this means users can send a transaction from their USD balance and have it converted to Euros, GBP, or even Bitcoin upon arrival. Stellar aims to support many types of transactions: merchant payments, remittances back home, or even splitting bills with a roommate, etc. Like Ripple, Stellar also comes with its own built-in digital currency, referred to as XLM. The currency's primary function is to provide a conversion path between other currencies and allow people to build applications on top of Stellar to help bridge the gap between digital and traditional currencies. The Stellar cryptocurrency is often referred to as Stellar Lumens.

STEP 19: Why does Stellar exist?
Stellar exists to fix some of Ripple's existing problems while leading a new overall vision to connect people to low-cost financial services and improve global financial inclusion. With some of the previous cryptocurrencies in this course I differentiated them from Bitcoin, however, in the case of Stellar, it makes more sense to compare it to Ripple as they have similar use cases and were both created by the same person, Jed McCaleb. On the surface, it can be tricky to determine the main differences since the main difference is philosophical with some minor technical and cultural ones. First of all, The Stellar Development Foundation is a non-profit organization committed to promoting financial inclusion and improving access to the world's unbanked population. Ripple on the other hand, is a for-profit organization aiming to build a payments network with large financial institutions around the world. The primary technical contrast is that Ripple is more centralized than Stellar. Lastly, the cultural environment between the two organizations is different with Ripple raising millions from outside investors, investing in marketing, and hiring a larger team, whereas the inverse of all those is true for Stellar.

STEP 20: What are the pros (positive attributes of) Stellar ?
Because Stellar is a free, open-source network, anyone can use it to build low-cost financial products for their community. Most cryptocurrencies lack true function for any addressable market, whereas Stellar provides functionality in the form of accessibility, affordability, and a customizable payment infrastructure that allows instant payments within 2-5 seconds. Stellar also has its own foundation which recently announced a partnership with IBM to roll out a cross-border payments system. Adding to Stellar's list of benefits is the aspect of democratized governance, where anyone who owns a Lumen can vote on the allocation of funds produced from Stellar's transaction fees. This kind of governance is unique and innovative, allowing the community to have a voice in the development of Stellar. With regards to Stellar's financial performance, it has been up 1000% since ICO ("aka" initial coin offering, which is something we'll talk more about in Part 5 of the course) and has a high trade volume.

STEP 21: What are the cons (negative attributes of) Stellar ?
The biggest disadvantage of Stellar is that the founding team owns a large percentage of the cryptocurrency. Furthermore, the Stellar network does not have a mining-based currency, whereas most with most other large cryptos the inverse is true.

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

STEP 22: What is the management team like for Stellar? 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).

The creator of Stellar is Jed McCaleb who also founded Ripple and Mt. Gox, which was one of the largest bitcoin exchanges in 2013 and 2014. Stellar's developers are highly experienced technologists and cryptographers. Their board is filled with 3 top-notch technology leaders including Keith Rabois who was part of the PayPal mafia and COO of Square, Shivani Siroya who is the CEO of InVenture, and Greg Brockman who was the former CTO of Stripe. In addition, Stellar has some rock star advisors, namely Sam Altman, Naval Ravikant, Matt Mullenweg, and a few more. Stellar also has some of the top investors in tech and blockchain like Plug and Play, Innovating Capital, and the CEO of Stripe, Patrick Collison.

[Click me to go to the Crunchbase page for Stellar in order to view the investor profiles, the management team profiles and the background of the board \(if available\). The free content on Crunchbase is all we need...no need to pay for a subscription.](#)

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

Stellar has a global developer community working to expand financial services to the unbanked. The company has official forums on Reddit, Slack, Facebook, and Twitter as well as numerous unofficial forums.

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

Out of Stellar's handful of partnerships, IBM, Deloitte, and Stripe are among some of the largest companies. For a full list of Stellar's partners, check out this link: <https://www.stellar.org/about/directory>

STEPS 25-26: Stellar 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 Stellar when compared to other cryptocurrencies.

Stellar's security is designed to use a base account and an issuing account so that intermediary pools are separate from the base account's credentials which should be kept offline to prevent compromise.

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

Stellar is unique in that the supply of Lumens increases by 1% every year and Lumens that are collected as fees are pumped back into the network. Stellar's biggest competitor, Ripple, on the other hand, destroys fees causing the total number of Ripples in existence to slowly diminish as time goes on.

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

STEP 27: Of the 6 exchanges discussed in this course, can you transact in Stellar 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 Stellar?

Of the 6 exchanges discussed in the course, the only two that do not support Stellar are Gemini and GDAX.

STEP 28: Of the 8 wallets discussed in this course, can you use Stellar 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 Stellar?

Of the 8 wallets discussed in the course, the only ones compatible with Stellar are paper based wallets and the Ledger Nano S.

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

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

~18.5 billion

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

There is no current max supply for Stellar Lumens, instead the supply of Lumens is increased by 1% every year.

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

STEP 31: If applicable, who is the auditor of Stellar 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 Stellar that might hurt the ability of Stellar to be successful in the long-run when compared to other cryptocurrencies?

For information concerning Stellar's compliance and regulation standards, check out the following link: <https://www.stellar.org/how-it-works/stellar-basics/>

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

Stellar runs a bug bounty program to proactively find and fix bugs before they become problematic. Having the bug bounty program in place helps alleviate concerns for investors since the company moves out of a passive role into a proactive role in securing the network.

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

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

I would be much more positive on Stellar if it surpassed Ripple in market share and continued to close partnerships with large, name-brand companies like their new technology partnership with IBM. In addition, it would be even better if Stellar Lumens had increased availability through more exchanges.

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

I would be much less positive on Stellar if it continued to maintain its reputation of having low liquidity and could not successfully engage with developing economies as that is one of its main strategies in building awareness / user base.

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

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

One economic incentive for validators is gaining access to the Stellar network which provides "stellar" infrastructure for their applications.

STEP 37: How many Reddit readers does Stellar have?

Stellar has 77,664 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 Stellar have?

Stellar has 66,200 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 Stellar 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 Stellar: 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 Stellar. 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) Using My Investment Framework to Analyze Stellar** for more details.

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

STEP 41: What percent of the ENTIRE cryptocurrency market do you think Stellar 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 Stellar 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 Stellar 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 Stellar will

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

You can update your version of the target price in the upcoming lecture, called: **(A) An Exercise on Creating YOUR Version of the Stellar Investment Framework**. For more details, please watch **(A) An Exercise on Creating YOUR Version of the Stellar 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 Stellar is \$6,689

STEPS 44-49: Technical Analysis for Stellar: 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).

Stellar Price: **.327**

STEP 44: AVERAGE 3 MONTH VOLUME DATA:

Average 3 Month Daily Volume for Stellar: 4.54M
 Avg. 3 Month Daily Volume for Stellar in US \$: \$1M US Dollars
 3 Month Daily Volume for Stellar in Canadian dollars: 2M Canadian dollars

Please look at the average 3 month volume of Stellar 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.
 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:

52 Week High: .92
 \$ Change from 52 Week High: -.59
 % Change from 52 Week High: -64%

Please look at the price of the 52 week high for Stellar in the data for Step 45 and comment on the data below.
 Stellar is 64.41% below the 52 week high price of .92. 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:

52 Week Low: .01
 \$ Change from 52 Week Low: .32
 % Change from 52 Week Low: 3174%

Please look at the price of the 52 week low for Stellar in the data for Step 46 and comment on the data below.
 Stellar is 3174.% above the 52 week low price of .01. 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:

50 Day Moving Average: .3
 \$ Change from 50 Day: .02
 % Change from 50 Day: 1535.00%

Please look at the price of the 50 day moving average for Stellar in the data for Step 47 and comment on the data below.
 Stellar is 1535.% above the 50 day moving average of .3, which indicates that sentiment may be positive on Stellar. (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:

200 Day Moving Average: .29
 \$ Change from 200 Day: .04
 % Change from 200 Day: 717.50%

Please look at the price of the 200 day moving average for Stellar in the data for Step 48 and comment on the data below.
 Stellar is 717.5% above the 200 day moving average of .29, which indicates that sentiment may be positive on Stellar. (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