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SCF MEMBERSHIP

BUILDING A

# DIVERSIFIED CRYPTO PORTFOLIO

A QUICK AND COMPREHENSIVE OVERVIEW

SOULZ



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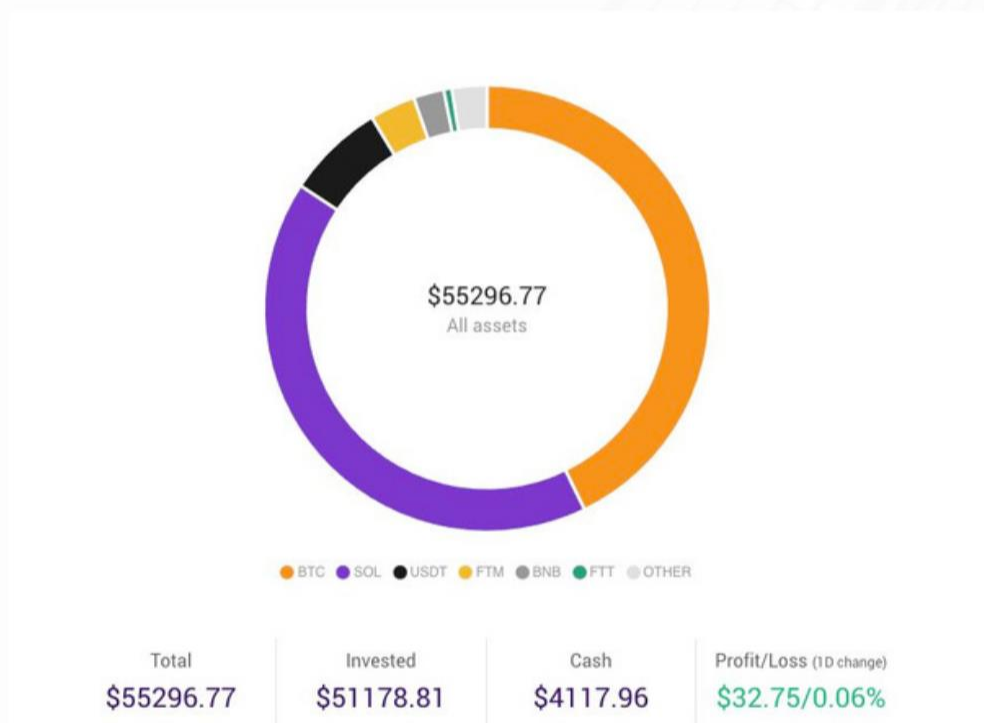
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## I. WHAT IS A PORTFOLIO?

A cryptocurrency portfolio is a collection of cryptocurrencies or digital assets that an individual or entity holds for the purpose of investment. It is similar to a traditional investment portfolio, but instead of stocks, bonds, and other financial assets, it is composed of different types of cryptocurrencies such as Bitcoin, Ethereum, Binance Coin, and many others.

Example of a Cryptocurrency Portfolio:



The image above shows a well-diversified crypto portfolio, which includes a mix of both Big Caps and Mid Cap cryptocurrencies, as well as a small allocation towards cash or liquid assets. Big Caps typically refer to the largest and most established cryptocurrencies such as Bitcoin, Ethereum, and Binance Coin, while Mid Caps are cryptocurrencies with a smaller market capitalization, but still have a significant presence in the market.

Like a traditional investment portfolio, the composition of a crypto portfolio may vary depending on the investor's financial goals, risk tolerance, and investment horizon.

## II. THE 7 PRINCIPLES AND GUIDELINES TO START

### 1. FOLLOWING A SET OF RULES

The reason this is the first topic in the guide is that it is essential to remember the importance of following a set of rules. It doesn't matter how you choose to remember them - whether it's through printing them out, taking notes, or any other method - what matters most is that you follow these rules with utmost commitment and dedication. By doing so, you will cultivate the discipline required to achieve success.

**You can start by following these 3 Steps:**

- 1. Limiting the amount of risk for each investment***
- 2. Setting an Invalidation or Stop Loss point***
- 3. Establishing a Target or Take Profit objective***

From my own experience, I have found that investing between 2-5% per trade is a prudent approach. It is important to not allocate too much of your portfolio to any one particular trade, as this can increase your exposure to risk.

Once I have entered a trade, my next priority is to set my Stop Loss or Invalidation point. This enables me to protect my investment by limiting potential losses if the trade doesn't go as planned.

Lastly, I determine my Take Profit target based on my analysis of the charts or by identifying a 10% or greater increase in value. This approach enables me to set realistic and achievable goals for each trade, while also accounting for the inherent volatility of the cryptocurrency market.



## 2. DIVERSIFYING YOUR ASSETS

It is true that diversification is a well-known concept in the world of trading and investing, and is often considered common sense. However, it is important to understand the underlying reasons why diversification is so critical to a successful investment strategy.

The primary objective of diversification is to mitigate portfolio volatility. By investing in a range of different cryptocurrencies, investors can balance losses in one cryptocurrency with gains in another cryptocurrency. This helps to spread out risk and avoid being overly exposed to any single cryptocurrency, which can be particularly important in the often-volatile world of cryptocurrencies. But, DO NOT DIVERSIFY TOO MUCH.

Below are examples of a Diversified Crypto Portfolio:



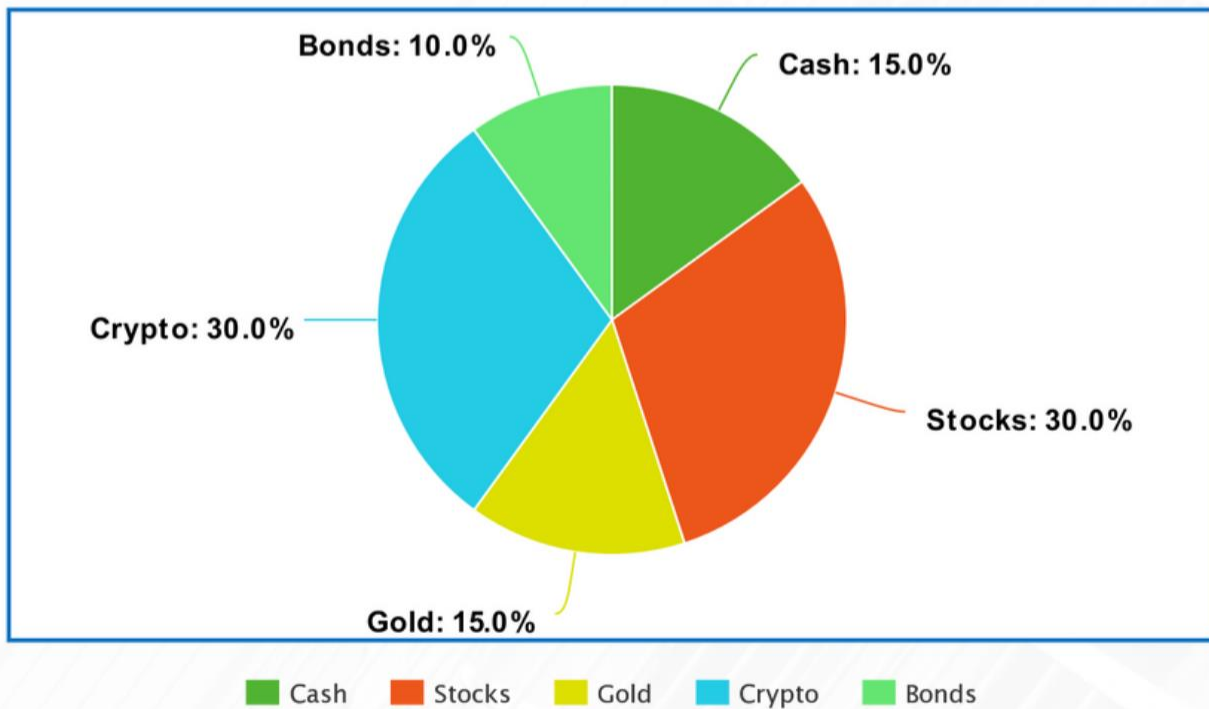
Another key point to remember when diversifying your investments is that you do not need to invest all of your money into cryptocurrencies. While investing in cryptocurrencies can be a lucrative opportunity, it is also important to consider traditional markets and asset classes when building a larger diversified portfolio.

By diversifying across different asset classes, such as stocks, bonds, real estate, gold and cryptocurrencies, you can spread out risk and capture returns across multiple markets. This can help to protect against the volatility of any one particular asset class and improve long-term returns.

Additionally, by investing in traditional markets and assets, you can take advantage of the unique benefits that these markets provide. For example:

Traditional Markets can offer stable returns, low-risk investments, and reliable dividends. Meanwhile, cryptocurrencies can provide high growth potential, uncorrelated returns, and exposure to new and emerging technologies.

Example of a Well Diversified Portfolio



meta-chart.com

### 3. HAVE A GOOD GRASP OF YOUR RISK TOLERANCE



When it comes to investing in cryptocurrencies, it is important to consider the type of portfolio that is best suited to your individual needs and preferences. There is no one-size-fits-all approach to investing, and what works for one person may not be the right fit for another.

One important factor to consider is your risk tolerance. Cryptocurrencies can be highly volatile, with prices sometimes fluctuating wildly in a matter of hours or days. If you are someone who is comfortable with taking on risk and investing aggressively, then you may be better suited to a more aggressive investment strategy.

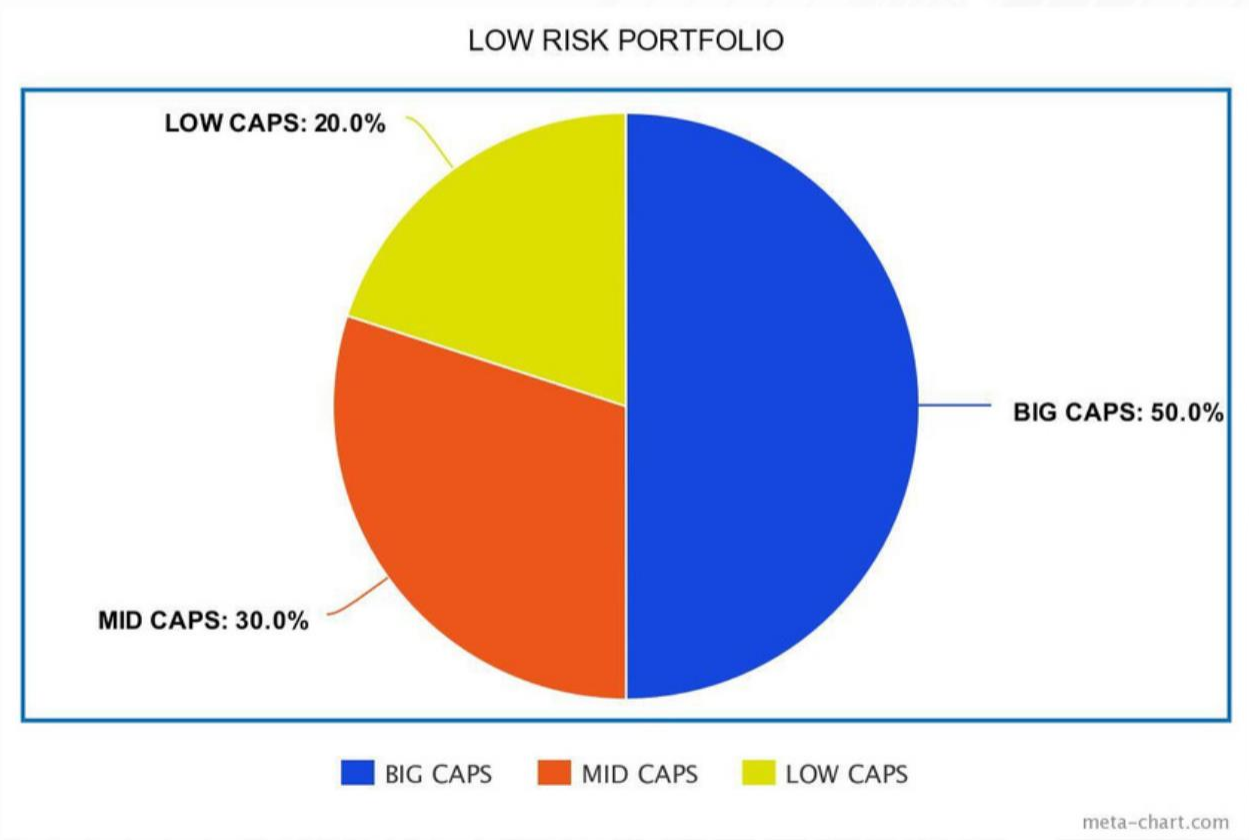
Another important consideration when determining the type of portfolio that is right for you is your emotional state. Investing can be a highly emotional process, and it is important to be honest with yourself about your ability to handle market volatility and fluctuations in your portfolio's value.

**I RECOMMEND FOLLOWING ONE OF THE THREE PORTFOLIO ALLOCATION OPTIONS:**

**A. LOW RISK PORTFOLIO**

Place emphasis on accumulating big caps, while also investing a reasonable amount in low and mid caps.

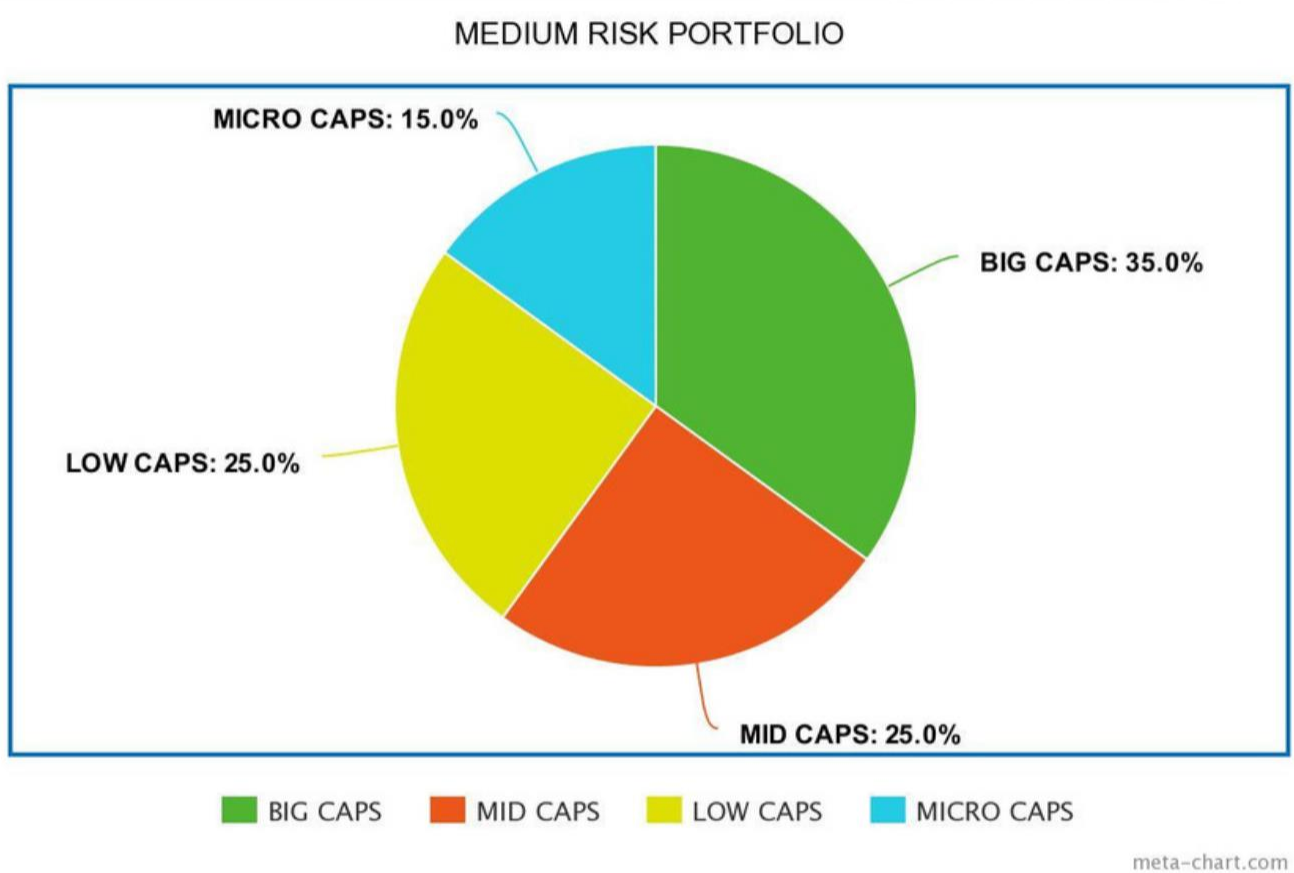
Investing in big caps can provide stability and long-term growth potential, as these cryptocurrencies have a more established track record and are often less susceptible to market volatility. However, investing in low and mid caps can provide opportunities for higher returns, as these cryptocurrencies have greater growth potential due to their smaller market capitalization.





## B. MEDIUM RISK PORTFOLIO

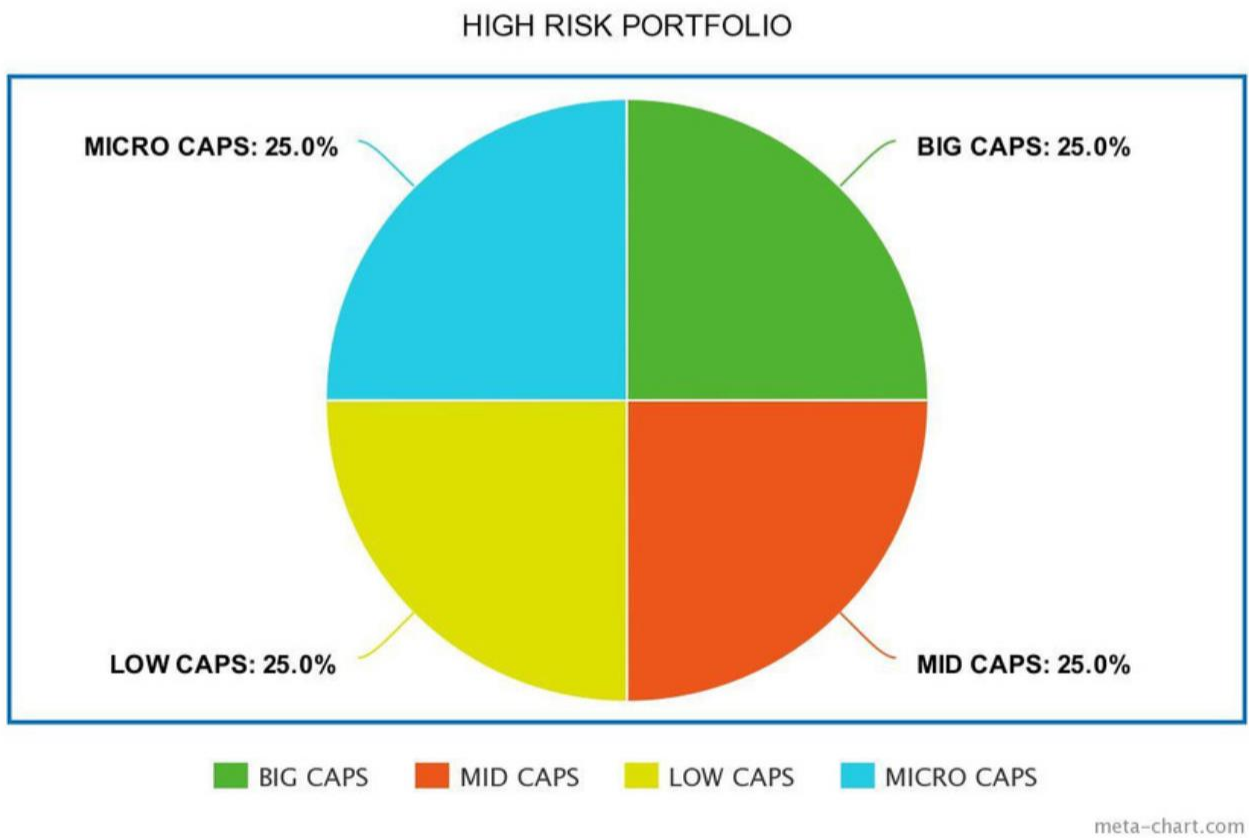
Allocate a significant portion of your portfolio to medium and low caps, with a suitable allocation to big caps. Including a small allocation to micro caps can also provide opportunities for higher returns, but you should be aware that these cryptocurrencies can be highly volatile and come with greater risk.



### C. HIGH RISK PORTFOLIO

It's important to note that the portfolio described is considered highly aggressive due to its equal distribution among all market caps, including low and micro caps, which are known to be highly volatile and can have a significant impact on the overall portfolio both positively and negatively. While investing in these smaller cryptocurrencies can offer opportunities for significant growth, it also comes with greater risk, as these cryptocurrencies are known for their high volatility.

If you have a higher risk tolerance, you may find a highly aggressive portfolio like this to be suitable for your investment goals. However, it may not be appropriate for all investors.



These are my suggestions for how you can distribute your funds across cryptocurrencies with varying market caps. This is just a starting guide, on how new investors like you can enter the market with good allocation. Generally, you don't have to follow these and allocate assets/cryptos on your own accord. But overtime, I've seen how these guides have helped investors with different risk tolerance and financial goals profit by following these.

#### 4. HAVING A STRONG MINDSET

Entering the cryptocurrency market can be exciting, but it's crucial to have a strong mindset to navigate the highs and lows of the market successfully. A strong mindset means being able to make logical decisions based on research and analysis rather than reacting to emotions like fear and greed.

The **fear of missing out (FOMO)** and the **fear of losing out (FOLO)** are common emotions that can lead to impulsive trading decisions.

Investors with a strong mindset can maintain a focus on long-term potential and are less likely to be swayed by short-term market fluctuations. They are more likely to stick to their investment plan and not be influenced by hype or market rumors.

Maintaining a strong mindset requires discipline, patience, and a willingness to learn.

Here are 6 Tips I can provide to develop a strong mindset:

- 1. Having a Clear Plan, with a Backup Plan if things go south*
- 2. Managing and limiting your emotions effectively*
- 3. Deep understanding of the market and the assets you invested in*
- 4. Recognizing that developing a strong mindset is and will be an ongoing process throughout your investing journey*
- 5. Do not get swayed with short-term market fluctuations, focus on the long term*
- 6. Delayed Gratification*

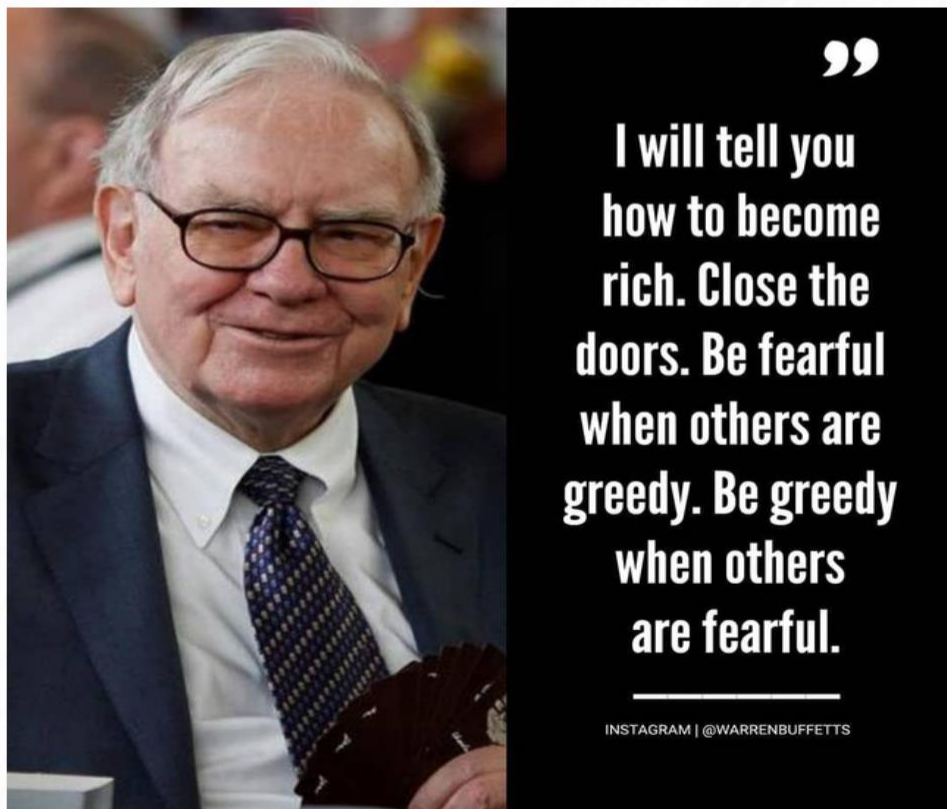
## 5. ALWAYS TAKE PROFIT

One important thing to keep in mind while investing in cryptocurrencies is that you do not truly possess the money until you sell your positions. It's important to have a clear understanding of your exit strategy and stick to it, without getting too caught up in the hype of short-term price fluctuations

It can be tempting to hold onto a position for too long, especially when the price is rising rapidly, hoping for even more gains. However, it's crucial to be disciplined and follow your predetermined take profit level. While it's certainly possible for a cryptocurrency to continue to rise in value after you've sold, it's also possible for it to experience a sudden and significant drop, wiping out any gains you may have made.

This is why it's important to remain level-headed and not get overly greedy. Being overly greedy and not taking profits at appropriate levels can result in unfavorable outcomes, and it can be difficult to make logical decisions when emotions like fear and greed take over. By being content with your profits and sticking to your exit strategy, you can help mitigate risk and position yourself for long-term success in the volatile world of cryptocurrencies.

As Warren Buffet have said in the past:



## 6. HAVE PATIENCE, SUBMIT TO TIME & COMPOUND INTEREST

When it comes to investing, having patience is key. One of the biggest mistakes that investors make is trying to time the market or make quick profits. Instead, successful investors invest for the long term and allow time to work in their favor.

It's important to understand that investing is not a get-rich-quick scheme. It takes time for investments to grow and realize their potential. By investing for the long term, you give your investments time to weather short-term fluctuations and grow over the long haul.

There is no need to rush the process. We are currently in a bear market and these are boring times. I suggest that you:

- Learn daily about different cryptocurrencies that are popping up or cryptos that have an already established name and recognize if they have some have potential for the future
- Become patient and avoid making impulsive decisions
- Enjoy life outside of investing or working
- Spend time with your family or different hobbies that you love

It's important to remember that not everything in life revolves around money, and taking occasional breaks to clear your mind can actually lead to better financial decisions in the future. Giving yourself time to reset and refresh can have a significant impact on your overall mindset and decision-making abilities when it comes to finances.

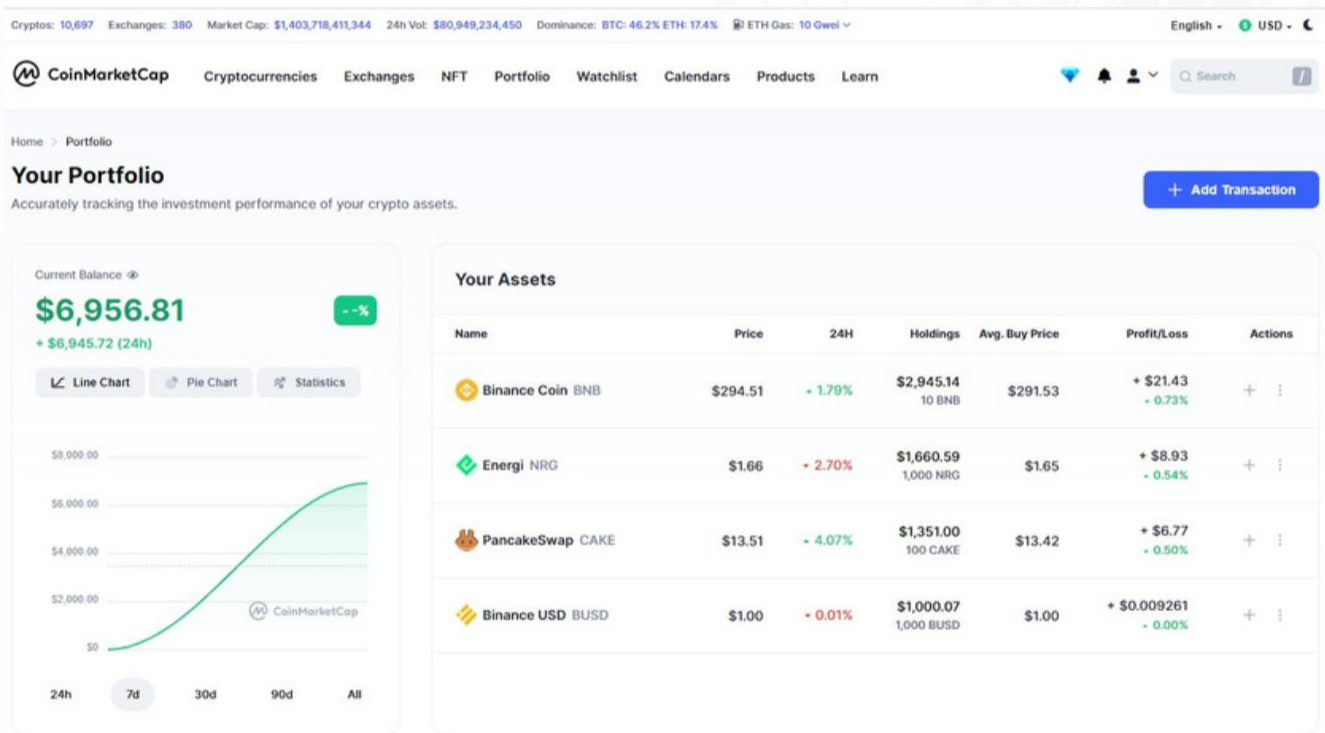


## 7. KEEPING TRACK OF YOUR PORTFOLIO

The last principle and guideline is to Keep Track of your Cryptocurrency Portfolio. It's important to keep track of your current holdings to know how much of each cryptocurrency you own and the current value of your portfolio. This helps you make informed decisions about when to buy, sell, or hold your investments.

Keeping track of your portfolio's performance over time allows you to identify trends and make adjustments to your investment strategy accordingly. It also helps you evaluate the effectiveness of your investment decisions and whether they are aligning with your long-term goals.

**Below is an example of a portfolio tracker from CoinMarketCap:**



## **HERE'S 6-STEP GUIDE ON HOW YOU CAN KEEP TRACK OF YOUR CRYPTOCURRENCY PORTFOLIO:**

1. To begin with, selecting a trustworthy platform or tool is the first step in monitoring your crypto portfolio. There are multiple options to choose from, including CoinMarketCap, Blockfolio, Delta, and several others. It's important to select the platform that aligns with your specific requirements.
2. Create an account and enter the details of your portfolio. You will need to enter the name, ticker symbol, amount, and purchase price of each cryptocurrency you hold.
3. Keep your portfolio up-to-date by regularly entering any new purchases or sales you make. This will help you stay on top of your investments and make informed decisions.
4. Set up alerts for your portfolio. This will notify you when the value of your portfolio hits a certain level like your Taking Profit level, Invalidation level or when there are significant changes in the market.
5. Monitor the news and events related to the cryptocurrencies in your portfolio. This will help you stay informed about any significant developments that could impact the value of your investments.
6. Analyze the performance of your portfolio over time. Look for patterns and trends to help you make better investment decisions in the future.

### III. HOW TO BUILD YOUR PORTFOLIO OVERTIME

#### PART 1: Accumulating Funds to Invest

##### A. How to Accumulate Funds with a Day Job

1. **Begin by setting up a budget** to track your income and expenses on a monthly basis. This will enable you to pinpoint areas where you can trim expenses and boost your savings.
2. **Set a savings goal:** Once you have a budget in place, set a savings goal. Determine how much money you want to save for and investing and at what date. I recommend saving 5-10% of your total net income.
3. **Reduce your debt:** Pay off high-interest debt as soon as possible, such as credit card balances or personal loans. This will help you free up more money to save and invest.
4. **Look for ways to increase your income:** Consider taking on a side hustle or freelance work to bring in extra income. You could also negotiate a raise or promotion at your current job.
5. **Cut unnecessary expenses:** Review your budget and look for areas where you can cut back on expenses.
6. Once you have accumulated savings, **put them to work by investing** in a reliable investment option such as stocks, bonds, real estate, or cryptocurrencies.
7. **Take advantage of the power of compounding interest** by regularly adding to your invested capital in cryptocurrencies, using only the amount of money that you can afford to lose. Consider making weekly or monthly contributions to maximize the growth potential of your investments.

## B. How to Accumulate Funds as a Student

In recent years, I have observed an increasing number of young people taking an interest in investing on cryptocurrencies and stocks. While I am also still quite young being 24 years old, it's commendable that people near my age are recognizing more and more the potential impact of investing on their future financial goals early as I once did. However, some may be unsure about how and when to begin. The answer to the "when" question is straightforward: the right time to start investing is now.

1. **Make a budget:** Start by making a budget to track your expenses and identify areas where you can cut back to save more money.
2. **Find part-time work:** Look for part-time work on or off-campus that fits around your schedule. This will help you earn extra income to put towards your investment goals.
3. **Minimize living expenses:** Consider living with roommates, cooking meals at home, and finding affordable housing options to minimize your living expenses.
4. **Save on textbooks:** Rent or buy used textbooks, or try using e-books to save on textbook costs.
5. **Apply for scholarships and grants:** Research and apply for scholarships and grants to help cover your education costs and reduce your student loan debt.
6. **Take baby steps and start small** by setting aside the money earned from part-time jobs and the amount you save from your expenses.
7. After accumulating a fair amount of funds, you can now **invest** into any investment vehicle, whether it is crypto or stocks.
8. Before investing in any asset, **conduct thorough research** and avoid blindly following influencers or others' investment strategies.
9. **Take advantage of the power of compounding interest** by regularly adding to your invested capital in cryptocurrencies, using only the amount of money that you can afford to lose. Consider making weekly or monthly contributions to maximize the growth potential of your investments.
10. **Dedicate some of your free time**, say 1 to 2 hours a day, to learn more about cryptocurrencies, read up on industry news, and stay informed on emerging trends.

## **PART 2: How to Invest through DCA**

Let's say that you have acquired or saved the necessary funds to invest after following the steps above and are eager to start, I would advise AGAINST purchasing positions with all your money at once as it may not be advantageous for you. This is where DCA can be beneficial.

### **What is DCA?**

**Dollar-cost averaging (DCA)** is an investment strategy that involves regularly buying a fixed amount of a particular asset at set intervals over a period of time, regardless of the asset's current price.

In the context of cryptocurrency, this means that you would invest a fixed amount of money (in US dollars or another currency) into a cryptocurrency, such as Bitcoin or Ethereum, on a regular basis, say every week or every month, regardless of whether the cryptocurrency's price is high or low.

Let's say you want to invest \$1,000 in Bitcoin. Instead of investing the entire \$1,000 at once, you decide to use DCA and invest \$100 every week for the next 10 weeks.

### **How does DCA work? Here's an example:**

**Week 1:** Bitcoin is trading at \$50,000 per coin. You invest \$100 and purchase 0.002 BTC.

**Week 2:** Bitcoin's price drops to \$45,000 per coin. You invest another \$100 and purchase 0.00222 BTC.

**Week 3:** Bitcoin's price drops even further to \$40,000 per coin. You invest another \$100 and purchase 0.0025 BTC.

**Week 4:** Bitcoin's price increases to \$42,000 per coin. You invest another \$100 and purchase 0.00238 BTC.

**Week 5:** Bitcoin's price increases again to \$48,000 per coin. You invest another \$100 and purchase 0.00208 BTC.

**Week 6:** Bitcoin's price drops to \$44,000 per coin. You invest another \$100 and purchase 0.00227 BTC.

**Week 7:** Bitcoin's price drops further to \$38,000 per coin. You invest another \$100 and purchase 0.00263 BTC.



**Week 8:** Bitcoin's price increases to \$42,000 per coin. You invest another \$100 and purchase 0.00238 BTC.

**Week 9:** Bitcoin's price increases again to \$50,000 per coin. You invest another \$100 and purchase 0.002 BTC.

**Week 10:** Bitcoin's price drops to \$45,000 per coin. You invest your final \$100 and purchase 0.00222 BTC.

At the end of the 10 weeks, you would have invested a total of \$1,000 and acquired **0.024 BTC**. Your average cost per Bitcoin would be \$41,667

**Calculation:**

$$((0.002+0.00222+0.0025+0.00238+0.00208+0.00227+0.00263+0.00238+0.002+0.00222)/10 )$$

In the example of investing in Bitcoin, the value of the cryptocurrency is known to be highly volatile, with large price swings over short periods. By using DCA, an investor can mitigate the risk of investing a lump sum at a single point in time and avoid making investment decisions based on short-term market trends or emotions.

Instead, the investor invests a fixed amount of money into Bitcoin on a regular basis, regardless of its current price. When Bitcoin's price is low, the investor can acquire more Bitcoin with the same amount of money. Conversely, when Bitcoin's price is high, the investor can acquire less Bitcoin with the same amount of money. Over time, the investor's cost per Bitcoin will average out, resulting in a more stable and predictable investment.

Additionally, I would highly recommend adding more to your positions or bags regularly to maximize the power of Compounding Interest. Regularly adding to your positions not only increases your potential for long-term gains but also helps to mitigate risks associated with volatility and market fluctuations.

I intend to make a detailed PDF or thread on DCA, but giving you an introduction to its definition, mechanism, and benefits is a good beginning. Ask, if you have any questions!

More resources to learn about DCA that I recommend you check out:

1. <https://www.coinbase.com/learn/tips-and-tutorials/dollar-cost-averaging>
2. <https://www.investopedia.com/terms/d/dollarcostaveraging.asp>
3. <https://www.coindesk.com/learn/dollar-cost-averaging-build-crypto-wealth-on-a-budget/>

**A THANK YOU NOTE:**

*I would like to express my sincere gratitude to all the followers, viewers, and Discord members who have taken the time to read the PDF. I understand that it took a considerable amount of effort to create and prepare, and I appreciate your interest in it.*

*Thank you for your support and encouragement, and I hope that you will continue to follow and stay tuned for more content. Your feedback is invaluable to me, and I look forward to hearing your thoughts on future projects.*

*Additionally, I sincerely hope that you have found the information in this PDF to be informative and valuable. My ultimate goal is to empower you with the knowledge and confidence to begin investing.*

*Remember, this is just the beginning of your investing journey, and there is always more to learn. Keep seeking out new knowledge and strategies, and continue to build on what you have learned.*

*As the saying goes, knowledge is power, and I encourage you to take what you have learned and apply it in your investing endeavors. Thank you again for your support, and I wish you all the best in your future investing endeavors.*

**- Soulz**

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## What is ICONOMI?



ICONOMI is a cryptocurrency investment platform that allows users to invest in a variety of digital assets, including Bitcoin, Ethereum, and other cryptocurrencies, as well as traditional assets such as stocks and commodities. The platform uses a user-friendly interface and offers a range of investment options, including a customizable digital asset array and a range of pre-made Crypto Strategies.

## Features of ICONOMI:

### 1. Copy Trading

ICONOMI is a platform that links more than 100,000 cryptocurrency enthusiasts with leading Crypto Strategists who adjust their trading strategies to changing markets. This allows you to relax while your money works for you. You can select from over 300 publicly available cryptocurrency trading strategies, copy them with a click, and your funds will automatically mirror the strategy trades. This is especially good if you want to copy a portfolio long term.

Name/Handle	24H	7D	1M	3M	6M	1Y	All	
1 <b>Crush Crypto Core</b> @CrushCrypto	+1.98%	+9.71%	-18.61%	+86.61%	+46.89%	-56.66%	+1,330.09%	<a href="#">Details</a>
2 <b>DeFi Core</b> @RigNovelis	+0.15%	+8.15%	-0.69%	+54.61%	-2.86%	-64.16%	+229.03%	<a href="#">Details</a>
3 <b>Proton</b> @proton	-1.04%	+4.89%	+2.96%	+41.62%	-4.04%	-47.74%	-15.60%	<a href="#">Details</a>
4 <b>TITANIUM SKYHIGH</b> @Titanium	-1.63%	+3.82%	-4.80%	+39.41%	-16.77%	-76.87%	-84.27%	<a href="#">Details</a>
5 <b>Blue Swan</b> @PangesCapital	-0.99%	+3.58%	-1.28%	-2.63%	-5.50%	-31.59%	+614.30%	<a href="#">Details</a>
6 <b>2100news Coins Index</b> @2100news	-0.83%	+3.04%	+5.78%	+36.58%	-8.81%	-68.65%	+128.18%	<a href="#">Details</a>
7 <b>Mountains and Valleys</b> @MavStrategy	-0.18%	+2.60%	+12.28%	+53.97%	+30.00%	-49.57%	+651.89%	<a href="#">Details</a>
8 <b>CARUS-AR</b> @CARUS_AR_BV	-1.46%	+2.17%	-3.60%	+36.78%	-9.44%	-64.39%	+337.38%	<a href="#">Details</a>

### 2. Start investing in Bitcoin and other cryptocurrencies with as little as €10

With their user-friendly onboarding process, you can easily purchase your first cryptocurrency. ICONOMI ensures the safety of your assets, so you don't have to worry about technical aspects like keys or wallets. ICONOMI only allows assets that went through their rigorous vetting system. You have the option to pay using a credit card or make a deposit in EUR, BTC, or ETH.

### 3. Daily Market Updates from Verified Strategists

The platform provides daily market updates from verified strategists, giving users insights into the latest developments in the cryptocurrency market. This information can help users make informed decisions about their investments and adjust their strategies accordingly. By staying up-to-date on market trends, users can potentially maximize their profits and minimize their risks.

### 4. Educational Contents and Blogs

ICONOMI provides educational content and blogs on various topics related to cryptocurrencies and blockchain technology. These resources aim to educate users on the basics of cryptocurrency, investment strategies, market analysis, and other relevant topics. Users can access these resources for free to expand their knowledge and make informed investment decisions.

**Here's one related to the PDF:**

<https://www.iconomi.com/blog/how-to-build-your-crypto-portfolio>

### 5. AND MANY MORE!

You can read more about their features here:

<https://www.iconomi.com/features>

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