An Investment Analysis for my 2022 Cryptocurrency Portfolio

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An Introduction

We have arrived in a new digital age. New modes of computing have emerged every 10-15 years for the last half millenium: starting with the mainframes in 1960s, PCs, in 70s and 80s, the internet in the 1990s, and smartphones for the past 15 years. Each computing model has expanded on its previous technology, allowing for new applications and innovation within each distinct platform. Since their formal appearance in 2008, cryptocurrencies have been the subject of scrutiny, uncertainty, hype, and speculation. Although the technology is still maturing, the aggregate market capitalization of cryptocurrency has sky rocketed to new heights during 2021, peaking at around $3 trillion, which is a far cry from pre-pandemic numbers.[1] Cryptocurrency is more than just an alternative investment: it represents the voting power the people possess towards new ideas and uses of technology.

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[1] https://coinmarketcap.com/charts/

Applications of the Web3.0 and blockchain infrastructure possess great appeal not because of manufactured hype; rather, their technical magnificence exemplifies the heavily demanded socioeconomic principle of decentralization. Bombshell reports have pushed many investors, especially those on the younger side, to come to cryptocurrency following the enduring years of data and personal information that massive companies such as Google and Facebook have admitted to collecting. The prospect of decentralized networks and privacy has directly contributed to the crypto surge of 2021.

As far as institutional investors and the American government is concerned, there has been slow, yet steady, adoption of the cryptocurrency space in the past year. Despite JPMorgan CEO Jamie Dimon's public disapproving comments of Bitcoin, claiming that it has "no intrinsic value," the bank started to offer clients access to a few crypto funds during the summer. Further, BNY Mellon, Deutsche Bank, Wells Fargo, Citigroup, Goldman Sachs, Morgan Stanley, UBS, Bank of America, Credit Suisse, and Barclays have been hiring crypto talent for a variety of roles, including sales and blockchain engineering divisions.[2] According to a report by PricewaterhouseCoopers, 21% of hedge funds are invested in digital assets, and about 43% of the remaining funds that are not already in the space are preparing to get involved soon.[3] Also, the Proshares Bitcoin Strategy ETF started trading in October, and further spot ETFs are expected to hit the stock exchange in early 2022.

Further, impending American governmental affairs are likely to have a major effect on the state of the market for the foreseeable future. The decentralized aspect of cryptocurrency makes the U.S. government have to swim through murky waters in order to establish

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[2] https://news.yahoo.com/big-banks-getting-in-the-game-of-hiring-crypto-talent-161421596.html

[3] https://www.pwc.com/gx/en/financial-services/pdf/3rd-annual-pwc-elwood-aima-crypto-hedge-fund-report-(may-2021).pdf

its place in society. By pouring money into the cryptocurrency space, investors are choosing to send a message to the federal government that they believe in the power of decentralization and the technology behind it. The American people are fed up with the authoritative stronghold the central government has over the Federal Reserve and the Money Supply and, by investing into crypto, are able to vote in favor of decentralization. If they were to simply just regulate, or even go as far as China and ban, cryptocurrency, there is strong likelihood for a fast bear market. However, the strong demand for cryptocurrency will find itself existing one way or another due to the fundamental property of the asset class: decentralization.

However, this is not to say that cryptocurrency does not have its fair share of problems. Utopian worlds such as the MetaVerse and its accessories such as NFTs (non-fungible tokens) seem to have a long path to full-scale adoption by developed societies. Moreover, many scams and fraudulent activities have occurred and will continue to exist in the crypto space. As a retail investor, I have undertaken the job to try to identify short and long-term holdings for my cryptocurrency portfolio that can provide strong, yearly returns on a risk-adjusted basis.

The purpose of this paper is to provide an investment philosophy and economic reasoning behind my cryptocurrency investments. Although it may feel to some that choosing crypto projects to invest in is akin to bringing loads of money to a casino to play Baccarat, I disagree. Although there may be a sense of luck, or randomness if you will, that goes into making strong investments in cryptocurrency, I see investing in the space as taking the same level of risk as taking a seat at a friendly 0.5/1 Texas Hold'em home game. Yes, there can be and will be losses. However, with the correct long-term risk adjusted investments and an inherently forward-thinking mindset, one will be able to yield strong returns while also “voting” with dollars for decentralized and innovative technology.

A Brief Framework of my Investment Strategy and Philosophy

Before I begin to dive into the fundamental analysis of the cryptocurrency projects I am planning to invest in, I would like to provide a quick overview of my strategy. I intend to split my investment capital into four different realms of the cryptocurrency space: inflationary hedging, Blockchain infrastructure, exchange technology and decentralized commerce,. The overwhelming majority of my portfolio will be in the second category due to the innovative properties of the blockchain that allow for rapid growth and real-world adoption. This diversification allows me explore assets in the crypto space based on sliding intervals of risk and growth levels.

I intend to weight my portfolio using an augmented version of the Graham 75-25 Rule, which is derived from Benjamin Graham's novel, *The Intelligent Investor.* My use of this rule is almost a disgrace to the infamous value investor, for which I apologize in advance. Essentially, Graham believes that "the investor should never have less than 25% or more than 75%" of his capital in stocks.[4] In twisting this principle into a way that fits the

[4] *The Intelligent Investor*

cryptocurrency space, I have come up with my own rule: the rational cryptocurrency investor should never have less than 25% or more than 75% of his capital in Bitcoin ($BTC) and Ethereum ($ETH), with the consequent inverse range in smaller capitalization, high growth projects. The reasoning behind this is quite similar to that of Graham's in defense of common stocks. Ethereum and Bitcoin rule the crypto worlds of payment currencies and blockchain infrastructure, and should be treated as such. They are the trailblazers for the cryptocurrency community, and although may not boast the 100%+ returns that investors seem to expect from cryptocurrencies, they are generally able to provide more stability than other volatile altcoins. Utilizing data analysis tools from ShufflUp's volatility tracker, I was able to pinpoint the figures for Bitcoin and Ethereum, for which they rank in the 13th and 32nd percentiles for volatility over the last year.[5] The asset class is inherently volatile, but I will look to own these market-leading coins for about 40% of my portfolio.

I will be using a variety of tools to analyze cryptocurrencies in this paper, both quantitative and qualitative, to provide a strong multi-strategy approach. Building on my knowledge of macroeconomics, we will be looking to the **tokenomics**,"Token Economics," of the projects, such as circulating supply figures and the properties of minted coins. Within this quantitative analysis, we will also look to metrics such as APY and volatility ratings to secure an understanding of the project. On the more qualitative side of our analysis, I will be looking at the project's **roadmap**, which is the business planning technique laying out short and long term goals within a timeline. I will also note the **management teams** behind these projects, **event-driven analysis**, such as marketing plans, partnership deals, as well as overall **innovation**.

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[5] https://www.shufflup.org/currencies_public.php?curr=Ethereum%20(ETH)

My goal for this portfolio is to both explore the cryptocurrency space and also out-perform the S&P 500. The Standard and Poor's 500 Index yielded about 29% returns during 2021, whereas the aggregate crypto market netted 200%. Although past performance is not indicative of future success,the cryptocurrency bull run should continue into 2022 following further adoption of the technology in society. Since most of my working capital is tied up in blue chip stocks, ETFs, and dividend payers, I am fortunate enough to be able to allocate some cash towards speculative alternative assets such as cryptocurrency.

Following this section, I will be doing an in-depth look at the future holdings of my portfolio, for which I am planning to either DCA (Dollar Cost Average) over a time-span of 2-4 weeks or provide a lump sum investment for cryptocurrencies I deem to be at troughs during their cycle for each project. Just as a note, I would like to preface that although I am sharing my investment strategy and ideas, this paper is not advice and I am clearly not a registered financial advisor. I am simply a retail investor interested in backing the technology of the cryptocurrency space, looking to cast a vote with the power of my dollar.

Investing in an Inflationary Hedge: Bitcoin

Inflation is here to stay. The most recent Consumer Price Index (CPI) report showed that prices rose in November abut 6.8% year over year. According to Federal Reserve Chairman Jerome Powell, inflation is “transitory,” meaning that it would not last much longer past the date of his statement (February 2021). Supply chain issues have caused issues with prices, as supply is limited due to a variety of actions, such as chip shortages, worsening labor issues, and behavioral economic activity.[6] This is where cryptocurrency enters the conversation, in regards to hedging against inflationary pressure. Bitcoin is not tied to one currency or economy, meaning that it is an international asset class that reflects global demand. In times where the inflation rate nearly covers the average return of the S&P 500 (7-8%), investing in cryptocurrencies like Bitcoin will provide a diversified approach away from equities that will allow myself to avoid wealth being swallowed by American inflation.

Bitcoin ($BTC) is the leading cryptocurrency in the asset class, boasting a market cap of around $900 billion, as of January 1st, 2022. The project started out as a peer-to-

[6] https://www.forbes.com/advisor/investing/why-is-inflation-rising-right-now/

peer version of electronic cash that fundamentally does not cross the path of a centralized financial institution.[7] The digital asset was created by the anonymous Satoshi Nakamoto, who adopted many individualistic ideas from the cypherpunk community to come up wit the idea in 2008. Through a network of proof-of-work transaction data that gives public history of transactions, people are able to send each other the currency in a way that mirrors information provided on stock exchanges. The time and size of individual trades, or in this case transactions, are logged publicly through a "proof-of-work chain", but we do not know who the parties involved are. This nuanced level of privacy allows for the cryptocurrency infrastructure to flourish and also set the stage for Ethereum's blockchain technology. Today, Bitcoin has snowballed into much more than just a digital currency: it represents the distrust people hold against the government and centralized powers.

Bitcoin is the sole peer-to-peer currency in the crypto portfolio without a formal blockchain or management team-connected infrastructure. There are approximately 19 million coins in circulation with a maximum supply at 21 million. The total bitcoin supply is projected to be reached in 2140. This hard limit on the supply implies that Bitcoin is a deflationary token, which backs up the investment thesis for this coin as a tool to hedge against inflation. To conclude, I will be investing roughly 12.5% of my portfolio in Bitcoin to provide a strong hedge against inflation for the foreseeable future as prices rise in America and global assets become more attractive. As of January 1st, 2022, Bitcoin is trading at approximately $47,000.

[7] https://bitcoin.org/bitcoin.pdf

Investing in the Blockchain Infrastructure: Ethereum

As we have established in the previous section, Bitcoin started out as a peer-to-peer lending currency, but that caused problems for the team of developers lead by Vitalik Buterin. According to Ethereum's white paper, Bitcoin missed a few fundamental coding processors during transactions, such a lack of Turing completeness system and a meta-protocol on top of the coin in order to ensure privacy.[8] The development of Ethereum is one of the first introductions in the digital asset space to an advanced blockchain and smart contracts.

The blockchain is essentially a decentralized public ledger that exists across a digital network to log transactions and other actions, similar to the analogy made in the previous section about the stock exchange reports with bitcoin. However, Ethereum's blockchain finds application in the creation of various digital areas such as smart contracts, decentralized finance (DeFi), and NFTs, providing a step forward in innovation with regards to BTC. Smart contracts are programs that will run when predetermined conditions are meant and usually used to automate the execution of agreements so that the parties involved can be certain of the outcome. This technology is crucial to the ideas supporting cryptocurrency, as smart contracts allow for a more private and decentralized internet. The

[8] https://ethereum.org/en/whitepaper/

use of smart contracts contrasts with the financial transactions of today where many third parties operate behind the scenes.[9] Another key component of Ethereum is a decentralized application (dApp), which are programs that run using data from the blockchain and smart contracts.

The applications of Ethereum's byproducts are endless, and it seems that Vitalik Buterin and the ETH team are just getting started. Their roadmap for ETH2.0, a scalable platform for ethereum while increasing trust and privacy, was recently released and ready for further implementation in 2022. The idea behind the platform is to provide a second tier of staking (the process of locking up holdings to obtain rewards or interest through APY) as well as data availability sampling for users. Ethereum's unwavering dedication to continuing to innovate is why the Ether coin boasts the second highest market cap in the crypto space at about $450 billion as of January 2022.

There are approximately 120 million Ether left in circulating supply. As opposed to Bitcoin's supply model, that has a maximum supply at around 21 million, Ethereum has an unlimited supply but an annual maximum supply of 18 million Ether. With the release of ETH2.0 and other developments, the supply should see a more major decrease following the management team's active efforts to make Ethereum more deflationary. This practice, in theory, should increase the value of one Ether over the long term.

To conclude, I will be investing roughly 25% of my portfolio in Ethereum because of a variety of factors: the management team led by Vitalik Buterin boasts a vast amount of experience and knowledge in the space; the fundamental technology behind Ethereum, the blockchain, is critical to the future of success of cryptocurrencies spanning all parts of

[9] https://www3.weforum.org/docs/WEF_Getting_Started_Cryptocurrency_2021.pdf

the asset class; the application of features such as smart contracts and dApps contributes to my support for fair and decentralized digital ecosystem; Vitalik's need for constant innovation yields strong passion and care for the project. As of January 1st, 2022, Ethereum is trading at approximately $3,750.

Investing in the Layer-2 of Ethereum and Interoperability: Polygon, Polkadot, Cosmos, and Harmony

Polygon

As Ethereum has continued to grow over the last years, its users, who have appreciated its functionality and truly see real world utility (over 1 million transactions a day on the blockchain), have had poor experiences with its user interface, as the peer-to-peer space is labeled as slow and expensive due to gas fees. In response to the problem with the Ether blockchain, layer 2 scaling solutions have come up as an answer to make Ethereum both faster and cheaper for its users.

Ethereum 2.0 is the upgrade created by the ETH team expected to solve these problems with the first layer chain; however, other developers have taken it upon themselves to create technology that connects to the public chain. Layer 2 transactions are inexpensive and make ETH usable for more complex crypto actions such as DeFi, yield farming, minting NFTs, and executing smart contracts. Interoperability, the process of operating between 2+ blockchains, is wielded by the following three tokens in innovative ways. The most popular name with the largest market cap is Polygon ($MATIC), a easy-to-use platform for Ethereum scaling and infrastructure development.

Polygon transforms Ethereum into a multi-chain system that allows users to deposit assets that are then confirmed on the main chain then will appear on the Matic chain. This process allows the user to now transfer tokens to anyone almost instantly.[10] The Matic network uses Proof of Stake at the checkpoint layer and Block Producers at the the block producer layer to achieve faster block times while assuring decentralization through the checkpoints and fraud proof mechanisms. Matic also provides a strong foundation for decentralized exchanges (DEXs) that host multiple blockchains.

The founders of Polygon boast years of blockchain development experience and have worked on major projects such as the initial implementation of Web3 on Ethereum in the past. MATIC tokens are released on a monthly basis with a current supply of 4.8 billion and a max supply of 10 billion; however, Polygon will burn Matic tokens with every transaction in order to provide visibility on transaction fees. This news, which broke in December 2021, led to the investment of nearly $14 million by investors according to WhaleStates.[11] All tokens are planned on being released by December 2022.

To conclude, I will be investing 10% of my portfolio in Polygon to reflect the growing demand and support for layer-2 projects on top of the ETH blockchain that allow for a better user experience. As of January 1st, 2022, Polygon is trading at approximately $2.53.

Polkadot

Gavin Wood, who is not the last co-founder of Ethereum mentioned that spun off their own blockchain technology featured in this portfolio, founded the Web3 Foundation after his work for Eth. The Web3 foundation aspires to create cutting-edge applications for decentralized software protocols with their lead technology being Polkadot.[12] Polkadot is a blockchain protocol that unites an entire network of blockchains, which allows them to

[10] https://github.com/maticnetwork/whitepaper

[11] https://twitter.com/WhaleStats/status/1471162291588681734

[12] https://web3.foundation/about/

scale. The technology is a sharded blockchain, meaning that it connects several chains together, similar to Polygon. However, Polkadot is sharded, meaning that it relies on sharded parachains. Polkadot also uses a Proof of Stake network since 2020, which lead to Wood remarking that this project is the "biggest bet in this ecosystem against chain maximalism," which is a philosophically important comment with regards to decentralized blockchain technology.[13]

Polkadot unites a network of heterogenous shards, called, parachains, which connect to external networks via bridges.[14] Parachains are blockchains that can have their own tokens and optimize their functionality for specific use cases. Parachains were launched officially on December 17th 202. Future upgrades to this technology are also expected in the future while the network expands its capabilities.[15] Proposed upgrades include parathreads, which allow these chains to join the network on a pay-per block basis as opposed to auctions.

The DOT token allows for three main features, according to its lightpaper: governance (control over their protocol), staking, and bonding (new parachains are added when someone bonds tokens).[16] There is a maximum supply of approximately 1 billion DOT tokens.

To conclude, I will be investing roughly 7.5% of my portfolio in Polkadot to support innovative parachain and layer-2 technology which happens to be co-founded by one of

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[13] https://bitcoinist.com/polkadot-vs-polygon-understanding-second-layer-ethereum-solutions/

[14] https://polkadot.network/Polkadot-lightpaper.pdf

[15] https://polkadot.network/blog/parachains-are-live-polkadot-launch-is-now-complete/

the pioneers of the blockchain/Ethereum. As of January 1st, 2022, Polkadot is trading at approximately $30.

Cosmos

Cosmos is blockchain network that addresses a variety of problems, including gross energy inefficency, limited performance, and immature governance mechanisms. Cosmos allows for multiple parallel blockchains to "interoperate," while still retaining their security properties.[17] The first zone on the network is the Cosmos Hub, which provides a simple governance mechanism with a prook-of-stake algorithm . This hub then communicates with different zones of the network via an IBC protocol (interblockchain communication). Tokens are then transferred from one zone to another securely and quickly. These networks are also powered by algorithms such as Tendermint, a protocol that is known for its simplicity and accountability.

The native token is called an atom, which are the only staking tokens on the Cosmos Hub. There is a maximum supply of 260 million atoms, with about 200 million in circulation. They are unable to mined and are only earned through staking.

I will be investing roughly 5% of my portfolio in Cosmos to continue to support the efficient use of layer-2 tech while exploring new realms through proof-of-stake and tender mint infrastructures. As of January 1st, 2022, Polkadot is trading at approximately $40.

Harmony

Decentralized applications, or dApps, are applications that are built on decentralized networks combining a smart contract and a front end user interface.[18] Although they may seem similar to regular applications, dapps have a variety of distinct features that give

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[17] https://v1.cosmos.network/resources/whitepaper

[18] https://ethereum.org/en/developers/docs/dapps/

the idea a decentralized spin: there are no owners, no censorship, built-in payment system, easily able to plug and play code/tokens, and backed by cryptography. Harmony sits at the frontier of this new blockchain technology, as it is a network designed to facilitate the use of dApps.

Similar to the three blockchain layer-2 solutions listed above, Harmony is designed to scale cross-chain ethereum applications. Harmony's bridges connect any Proof-of-Work and Proof-of-Stake chains, allowing for further interoperability. Similar to Polkadot, Harmony allows for sharding to scale blockchains without compromising decentralization.[19] In 2022, Harmony aims to continue to allow for greater adoption of their tech through decentralization and zero-knowledge proofs, a method by which a party can prove to another party that a statement is true without any additional information. The team is led by Stephen Tse, a UPenn Phd grad in cryptography, while also comprising experience from Google, Apple, Microsoft, and Amazon.

I will be investing roughly 5% of my portfolio in Harmony because of its interoperability with blockchain tech as a means of supporting dApps. As of January 1st, 2022, Harmony is trading at approximately $0.30.

[19] https://ethereum.org/en/developers/docs/dapps/

Investing in the Cloud: Ankr

The sharing economy is the process of peer-to-peer activities that provide or share access to goods and services. Startups such as Airbnb and Uber took the world by storm through their ability to increase resource's utilization efficiency, which in the case of these two companies would be houses and cars, respectively. Ankr is a distributed computing platform that takes advantage of block form technologies by allowing customers to access resources at a more affordable rate. The network that is created through the blockchain leverages idle computing power from devices and data centers by building a marketplace for container-based cloud services through sharing resources.

The cloud-computing industry is dominated by a handful of large companies that are able to control pricing within the oligopolistic industry. Ankr seeks to redefine the industry by taking hardware from these providers and renting it out in exchange for ANKR tokens. Not only is this technology extremely efficient, it also is extremely eco-friendly and helps to remove wastage. The decentralization of cloud computing will allow for the risks of losing power to be mined. Ankr allows its users to access their infrastructure, APIs, and tooling to build and scale decentralized applications for DeFi, NFTs, or other Web3 projects.

Beyond the cloud-computing, Ankr provides value through staking, which is when someone locks a token in a blockchain protocol to allow validation of transactions. This staking generates interest in the form of additional tokens, which is a passive income opportunity in of itself. Investors must put up 0.5 Ether to earn these staking rewards. There are about 7 billion ANKR coins in circulation with a max supply at 10 billion.

The founders of Ankr are two UC Berkeley students who have had formidable success in other fields. CEO Chandler Song worked as an engineer for Amazon Web Services, while COO Ryan Fang worked as an investment banker at Morgan Stanley. They have been in the crypto space for 7 years and have been running Ankr since 2017.

Ankr also boasts a variety of corporate partnerships, including ones with the Sacramenento Kings as well as Portal, a cross-chain DEX built on Bitcoin. The Kings and Ankr produce educational content, host events and creat innovative projects that will support the blockchain technology.[20] Ankr plans on running a facilitation node to provide liquidity for swaps between Ankr and other assets on Portal DEX.[21]

To conclude, I will be investing roughly 10% of my portfolio in Ankr because of the network's unique approach to the massive cloud-computing industry with a decentralized twist. As of January 1st, 2022, Ankr is trading at approximately $0.11.

[20] https://www.nba.com/kings/news/sacramento-kings-and-blockchain-company-ankr-launch-multi-year-partnership

[21] https://www.yahoo.com/now/portal-ankr-announce-strategic-partnership-143749481.html

Investing in an Exchange: Crypto.com

"Fortune favors the brave," Matt Damon declares in support of crypto.com ($CRO), capturing everyone in the movie theater's attention, including myself. The massive marketing moves by crypto.com, a cryptocurrency exchange powered by the CRO token, have signaled to the people of the world that decentralized currency is here to stay. Following an $800 million purchase of the naming rights to the Staples Center and TV commercials, the exchange has become the fastest growing crypto app, with nearly 10 million users and 200+ cryptocurrencies available. However, CRO is not just a marketing gimmick; they boast a variety of strong fintech products that contribute to my admiration of the exchange.

Crypto.com's whitepaper reveals how successful the exchange has been so far but also details their major plans for the future.[22] Crypto.com has achieved many of their partnerships deals already, including Visa, Formula One, UFC, and PSG. With regards to payment solutions, the exchange's medium to long term goal is to essentially have as much real world application as possible, such as the "Pay Checkout" feature. They are also planning on connecting merchants with the blockchain, a pivotal step that has allowed me to

[22] https://crypto.com/images/crypto_com_whitepaper.pdf

definitely be bullish on CRO. Future growth of the aggregate market also points to massive capabilities to expand the platform of crypto.com. With projections of nearly 250 to 400 million users by the end of 2022, the use of new wallets will yield many more customers for the exchange.

The crypto.com Visa card is a major partnership and stepping stone for the exchange in regards to financial institutional support. The card allows its holders to transact cryptos without annual fees, enjoy payment completion without waiting time, and spend overseas at interbank exchange rates. The 5 level of cards boast cash back percentages from 1-8%.

As far as the tokenomics go, there are roughly 25 billion CRO tokens in circulating supply, with a 30 bill max supply. In March of 2021, 70 billion CRO Tokens were burned (60% of the total supply), which then proceeded to double the token's cost in the span of a few hours. Similar to Binance's use of the BTB coin, CRO is the easiest way to park cash in between transactions from the exchange to your personal accounts. Since CRO is deflationary, meaning there is a limited supply of the currency, investors can also bank on crypto to avoid the pit of inflation.

To conclude, I will be investing roughly 7.5% of my portfolio in crypto.com because of the company's strong product offerings, such as the Visa crypto card, and brand partnerships that have allowed for massive exposure to the exchange. As of January 1st, 2022, crypto.com is trading at approximately $0.55.

Investing in a "Developing" Ecosystem: Cardano

When Charles Hoskinson quit his consulting job to hop into the Ethereum founding team in late 2013, I don't think anyone would have predicted that the project would have developed into the massive ecosystem that it inspires today. After a dispute with Vitalik Buterin and a stint as CEO of Ethereum, Hoskinson was removed from the team and started IOHK, Input Output Hong Kong, an engineering and cryptocurrency research company. The company's key project is Cardano, a public blockchain and smart contract platform that hosts the ADA token for a variety of different projects.

Cardano is a full open source blockchain platform and started off with a list of engineering principle it intended to uphold, as opposed to a comprehensive roadmap.[23] The companies commitment to environmentally sustainable projects such as "Ouroboros" reflects a level of real-world utility for the next decade. Cardano is intended to support a litany of projects, which according to Hoskinson, has amassed to nearly 130 being worked on currently. One of the most interesting ideas to me that is being explored on the Car-

[23] https://why.cardano.org/en/introduction/motivation/

dano platform is the development of blockchain technologies in emerging markets and developing nations, such as in Africa.

Africa has long experienced technological and educational disadvantages because of European and outside exploitation. Hoskinson, in his March 2021 speech, set out to exclaim his intentions to help develop the blockchain infrastructure in the continent to help build the nations that encompass the continent as crypto grows. IOHK in April of 2021 partnered with Ethiopia to revamp the education system by allowing for its technology to enhance the educational experience of 5 million students and 750,000 teachers.[24] Hoskinson and his team are obsessed with connecting Africa to the rest of the world with regards to blockchain and internet technology. He has started campaigns to build access to these resources as well as in Rwanda, Ghana, Mongolia, Georgia, and South American nations.

Recently, Hoskinson announced some of his 2022 goals, such as end-to-end Microfinance transactions, the Cardano DeFi Alliance, and a hard fork combinator. Hoskinson also intends to launch a DeFi loan service in Africa by the end of the year, which gives credibility to his goal of building a financial operating system throughout Africa.[25] Cardano also recently became the most developed project on Github in 2021, extending the diversified use of the platform.[26]

Approximately 32 billion ADA coins are in circulating supply with a fixed supply of 45 billion. The reserve coins are distributed over time as the amount distributed every 5

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[24] https://cointelegraph.com/news/iohk-partners-with-ethiopian-government-to-revamp-education-system

[25] https://nairametrics.com/2021/12/27/cadano-to-lunch-defi-loan-service-in-africa-by-2022/

[26] https://cointelegraph.com/news/cardano-became-the-most-developed-crypto-on-github-in-2021-santiment

days decreases. According to current percentage rates, the reserve will approximately half by 2025.

To conclude, I will be investing roughly 5% of my portfolio in Cardano because of a variety of factors: an experienced and philosophically sound leader in Charles Hoskinson; IOHK's innovative and unique goals to connect developing nations in Africa to the blockchain; the optimization of smart contract and NFT technology to real world items. As of January 1st, 2022, Cardano is trading at approximately $1.35.

Finalized Portfolio

1. **Ethereum $ETH** ~25%

    Reasoning: Infrastructure for everything blockchain, smart contracts, ETH2.0,

2. **Bitcoin $BTC** ~12.5%

    Reasoning: Inflationary hedge, deflationary asset, leading digital asset

3. **Polygon $MATIC** ~10%

    Reasoning: Layer 2, Smart management, constant coin burning, "Internet of Blockchains," Scaling ETH

4. **Ankr $ANKR** ~10%

    Reasoning: Sharing economy, innovative use of the blockchain, strong management team, partnerships,

5. **Polkadot $DOT** ~7.5%

    Reasoning: Experienced founder, similar ecosystem/cap to ATOM yet has a higher ceiling, parachains just released

6. **Crypto.com $CRO** ~7.5%

    Reasoning: Financial products, #1 fastest growing crypto app, marketing campaign + partnerships, low fees

7. **Cardano $ADA** ~5%

    Reasoning: Smart and experienced founder, visionary roadmap for 2022, global outreach to emerging markets, 100+ projects

8. **Harmony $ONE** ~5%

Reasoning: innovative tech (dAPPs, sharding of blocks, reduced node times), impressive management team (Penn Phd in cryptopgraphy, Google, Amazon, Microsoft, Apple former engineers)

9. **Cosmos $ATOM** ~5%

Reasoning: Internet of Blockchains, interoperability, layer-2 for ETH

10. **Origin Protocol $OGN** ~3%

Reasoning: solid commercial/NFT platform, unbelievable management team and experience in the startup, cryptocurrency and tech spaces (co-founder of PayPal, first employees at Youtube, Google, Dropbox), impressive roadmap

https://www.originprotocol.com/en/litepaper

Some brief notes about my portfolio:

72.5% is locked up in 6 of the top 15 coins (BTC, ETH, MATIC, DOT, ADA, CRO). Most of the remaining portfolio is concentrated in a few top 100 cryptocurrencies (ATOM, ONE, ANKR). The last 10% is allocated to medium market cap (100 million to 1 billion) high growth/risk tokens, such as OGN, with promising technology, teams and roadmaps. I have yet to decide what my last 7% will be invested in.

Conclusion

This exercise in cryptocurrency research and analysis has allowed me to explore the world of digital assets with greater depth. After successfully investigating the roadmap, management, and technology behind all of these tokens, I was able to construct my own cryptocurrency portfolio with a variety of new and upcoming blockchain technologies. I plan to invest nearly most of my capital allocated for crypto by the end of January. This process has allowed me to sharpen key due diligence skills while also obtaining more knowledge about cryptocurrency.

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