Currently, cryptocurrencies are a popular discussion topic. Some of the people think that crypto assets are the gate for a future and now it is the right time to start. However, some others will say cryptocurrencies are craze and Bitcoin is a crazy investment equal to waste of money.

Which argument is true? It is possible that you are still strange to crypto-talk and want to know what does a crypto asset really mean?

Whether you know or not, this short summary replies your questions about cryptocurrencies, gives information about the history of Bitcoin and blockchain technology. Moreover, you can also get some hot tips about investment in cryptocurrencies and some stimulus advice. In fact, finance will grow in this direction; but the interesting thing is when the world will understand this fact.

For sure, everyone is excited about this fact; but don’t forget this expression: the structure of the crypto assets and the environment they lie varies swiftly. Accordingly, fell certain that you understand the author’s recommendations and make detailed research for yourself.

“Cryptosset” is a roofing term of the latest type of asset which works through software and a currency.

Bitcoin is the most popular one that probably known by everyone unless not totally reclusive.

You can hear many things in the news like other crypto assets which is a unique class of digital assets representing significantly new opportunities for all type of investors.

Let's make a simpler definition of a crypto asset: It is a commodity which contains a software featuring a currency.

Now the next question is understanding the factors determining the value of a crypto asset.

In fact, like other commodities like gold or oil, it is the market demand and supply which determine the value of crypto assets. On the other hand, the distinctive characteristic of crypto assets is intangibility. The software used is not a physical resource and the value of its increase or decrease in line with the market's movements.

It is better to observe Bitcoin as an example to understand how the system works.

Similar to other crypto assets, Bitcoin also contains software and currency called "bitcoin". On the other hand, different from other non-crypto assets, it is not within a unique class of asset.

For instance, compare it with oil as a member of a class of consumable and transformable asset. These assets can be bought and sold and can be transformed into any other things. In a way, the software working for a Bitcoin has a similarity such that both can be used for other aims.

However, as a currency Bitcoin has more similarity with another asset that is used as a store-of-value as gold. Gold is valuable and everyone agree on this fact since it is not a common asset, it is beautiful and useful. Similar to gold and unlike printed money crypto assets are rare such that there is an only limited amount of each crypto asset's currency.

Generally, people prefer Bitcoin, not for the purpose of trade. Instead, like collecting gold or precious metal Bitcoin is usually preferred for saving and waiting for an increase in value.

Consequently, only the cryptocurrencies that are useful and serve as a store of value can survive for a long time.

Although crypto assets form a special class of asset themselves, they can also be considered as a member of already existing classes which makes them more preferable for investors.

Cryptoassets use a revolutionary technology which is called blockchain technology.

Similar to other crypto assets, blockchain technology that gets around more and more is serving also to bitcoin.

Do you really know how this technology works?

In fact, a blockchain is a digital database that keeps the information about the ownership of particular assets. It records who owns which asset.

However, it is not similar to bank databases or other types of databases which are centralized that supervise the monetary traffic among the given population. Instead, blockchain databases are not centralized. Many people setup software to their computers and make transactions through them so the data is updated and operated by millions at the same time.

You may want to set up the software working for Bitcoin. Do you know the properties of the dataset of that software?

First of all, it is free of use meaning that you can download it without any payment and it can be accessed from any computer.

Secondly, the data is generated and protected by a professional code generated by computers.

Third, blockchain is a database connecting the personal computers of millions of people all over the world that is synchronized perpetually which make any loose of data impossible.

Last but not least, the dataset is extending day by day.

Whenever a new Bitcoin transaction made, it is added to the blockchain database and each time a new “block” is generated. These transactions recorded on the database by special computers called miners and as a new block is added the miner which record the transaction paid by bitcoin. Accordingly, each miner competes to record a new transaction to get paid.

On the other hand, all the people using the software should approve to delete any information from the database and it is much harder to make deal with other since the most of the software is free for everyone.

The reality lies in numbers. In this structure, probably a single user or even a group of professional criminals can not hush up any illegitimate movement since each synchronized database should approve a transaction before it can be valid.

For instance, if someone transfers Bitcoin to her own account through illegal ways, it will be understood in a short time. The synchronization will be failed in a short time and it is detected.

Bitcoin is special in the sense that it is the first crypto asset generated in the market and the others appeared as followers.

Bitcoin is the most valuable crypto asset because it is the first developed one in the market. After that many other crypto assets emerged and more is developed day by day.

The story of Bitcoin is a mystery. Satoshi Nakamoto is known as the inventor of blockchain technology. Some believe that Nakamoto is not a person but a group of people.

Beside the unclear origins of this technology, Bitcoin’s birthday is accepted as the beginning of the 2008 financial crisis. It was October 31 when Bitcoin is first appeared and entered the market as an alternative to flunk financial system. Articles signed by Nakamoto claims that the technology is invented to be decentralized such that no one alone controls any system, but instead it trusts qualitative analysis.

As the 2008 financial crisis erupts, the world is shaken by anger and disappointment. While people are angry with the current financial system, they are seeking possible solutions and Bitcoin seems to be solution searched for. Accordingly, Bitcoin gains popularity and get its current place.

Although Bitcoin is the most popular model, it is not the only one. Other types of crypto assets construct their own way by functioning differently or using specialized blockchain structures.

Following Bitcoin, a remarkable example is Ethereum. While Bitcoin is constructed its blockchain only for financial purposes, Ethereum aims to create an open-source software which can be developed collectively. Based on these properties, it is accepted as a “native asset” and the currency is “ether”.

Note that not all crypto assets are public but like Bitcoin, the Ethereum blockchain is also public.

For instance, instead of public dataset Monero and Zcash use private blockchains that need permission for accessing to the database.

Currencies like Monero and Zcash prefer private blockchains concerning the technology’s efficiency and keep privacy for financial transactions.

The rules for investment and finance is changing and information and courage become the main elements for success.

Consider investing money in the stock market. In stock market accessing to information is difficult and even if you get the information future prediction is almost impossible so it is pretty risky. As a result, putting your money to new and uncertain assets, crypto assets, can be difficult. However, as you will see it is rather safe.

Cryptoassets and the blockchain technology they developed have the capability to change financial structure totally.

Like e-mail that take the place of traditional mail, blockchain technology may take the place of the current centralized banking system.

If you missed the opportunity window created by investing in eBay or Google through dot-com boom of the late nineties, the blockchain technology opens a new window that may you be a second chance.

In short, as an investment Bitcoin is still at its early times.

Today, a bitcoin is quite expensive but the author foresees that the price of a Bitcoin will appreciate in the future. Currently, the fluctuations in the price of Bitcoin decrease and it becomes more volatile and stable. Although you may not get extraordinary returns to your ten-dollars that is invested in 2010, you won't lose anyway.

To have a more valuable currency, the popularity of Bitcoin should increase. Today, it is not accepted by many firms so it is also not practical for many investors. As it becomes more popular, the use of it will spread and the demand will also increase at the end which will also raise the prices.

At the same time, newer crypto assets like Ethereum will stay unpopular until the reliability of the support system and the value is proven.

Last but not least, you should be aware of the risks of any investment beforehand. If you don't take risks into account, you may waste your money in the gamble.

Investment in crypto asset has significant risks such that you may waste your money.

Don't rush to invest in crypto assets. There are some risks of investment that make you understand all the details about these assets and the structure before invest your all savings.

The first danger is the risk of speculation due to a lot of investors. In other words, it is the danger of herd psychology.

This risk may occur when everyone invests to crypto assets because others' also investing Many of them are amateur speculators and not have enough information about the value of their investment or whether the investment is rational or not. They only jump to the bandwagon.

When speculators who are not really investors and don't care about the real value of the asset start to buy these assets more often. Speculators are buying the assets just for making money and accordingly they want to buy assets from low prices and sell them when the price increases.

If many speculators buy a specific crypto asset that led asset price to increase then newer speculators may follow this trend and buy the same asset. If this asset is not succeeded in the market or a mistake is found in the system or many experienced speculators sell the asset at the same time, new investors may lose a lot of money suddenly.

Second danger emerges when you think that "now it will be different".

Sometimes it is believed that markets learn from their past and don't make the same mistake again so stability increases. On the other hand, some believe that crypto assets are different from everything so the rules of the old game don't work anymore.

On the one hand, it is true that crypto assets differ from the type of assets. However, it is not enough to disregard common sense.

One thing is certain that the valuation of a crypto asset is difficult. Unfortunately, they are too new and not a traditional asset. However as it is mentioned below, reliable methods are developed to determine these values.

Note that investors that have complete information know the financial and all other potential benefits of crypto assets can offer. However, they also know the potential risks of these assets.

The right strategy is diversifying your assets abolishing correlation or any negative correlation.

The risks of the investment are mentioned above and now it is time to speak about some positive sides of an investment. There are two significant points you should care about for creating your portfolio: correlation and diversification.

First of all, all the assets contained in your portfolio should complete other assets.

In fact, in the market different type of assets can react differently. For instance, stocks and bonds react differently to economic developments. If the economy works well, stock prices increase while bond prices decrease. What is the reason for that? Bonds are more secure but less lucrative and in a good economy people may take more risks and invest in the stock market.

The differentiation of the reaction of different assets to market can be measured by correlation.

Based on the information above you can guess that there is a negative correlation between stocks and bonds meaning that they are reacting economic events oppositely. Although it is normal it is not the ideal case. In fact, the most desirable case is the existence of zero correlation: an economic event affect one asset but not the other assets.

At this point, diversification becomes significant. For example, if you have both stocks and bonds in your portfolio, it is an example of diversification. It is another desirable case since in both booms and busts your portfolio will not lose all.

The opposite of diversification is another kind of correlation: namely positive correlation which means you invest all your money in the same direction. In other words, all your assets are affected in the same direction with the same economic development.

When investing in crypto assets, it is easier to diversify your portfolio and you can easily decrease the risk of positive correlation.

If you are an investor and have already diversified your portfolio between stocks and bond. It is probably better to diversify your portfolio more with investing crypto assets. Since any economic development affecting stock and bond prices probably will not affect or have little impact on crypto assets; by doing so, you can protect your money from the failures of the stock-and-bond market.

Most of the crypto assets have no correlation with the assets of the traditional market or people will escape uncertainty of the traditional market and demand more crypto asset that increases the value of these assets. In any case, you will gain from such a diversification.

Cryptocurrencies can be bought using different ways but you should follow vary of diversification in trading pairs.

Now, you may ready to start with your crypto asset adventure. It is accepted as a window opening to the future and the significant points about these system and main risks of the investment are summarized above.

If you want to buy your first crypto assets, you should start with creating an account on the exchange sites like Bitstamp or GDAX.

For instance, ether and bitcoin can be both either by the money issued by the government like dollars or euros or with some amount of cryptocurrencies. Unlike these two, you can not buy most of the other cryptocurrencies by fiat currencies since it is not desirable to the widespread use of cryptocurrencies before stability is proven.

However, you can use ether or bitcoin to buy any other crypto asset.

One reason making cryptocurrencies popular is its transferability. Fiat currencies should be transferred physically from one bank to another but cryptocurrency is a kind of internet protocol - MoIP (money-over-internet-protocol) meaning that you can transfer it through computers as fast as one click.

One more thing before choosing the currency you invest, you should know the strength of that currency.

Following the trading pair diversity of that asset is one way to know about the strength of the currency and it is measured by the amount of the fiat currencies and/or cryptocurrencies used to buy that crypto asset. The robustness and reliability of a crypto asset increase as the pairs of that asset increases, especially it is high as it is paired with fiat currency. You can check the website CryptoCompare to learn about the pairs of any cryptocurrency.

If you want to invest in cryptocurrency, think twice. Although everyone encourages you to buy, don’t take the decision in a hurry.

First of all, make detailed research and don’t put all your money before becoming an expert in the market.

You can keep your investment in two ways once you buy a crypto asset.

Up to now, you should learn how to choose and buy a crypto asset and suppose you did it. You can pass another step, but how? Where should you store your asset and how can you access it when necessary?

In fact, it depends on you. You are putting a safe and private key for each crypto asset and this key allow you any transfer of this asset and other people also have their own private keys. In short, what storage really is keeping this key in safe.

You can do it in two ways: the first way is a more accessible but less safe way of storing and the second way is a safer but less accessible way of the store.

The first way is called a hot wallet. In here, hot is used to indicate a connection to the internet. In this way, the private key of the asset is stored on a device which can be accessed through the internet like a cloud.

The second way is the opposite which can be named as cold storage that means keeping the key offline. For example, it can be a hard disk or just a paper that is stored in a safe place.

There are both advantages and disadvantages to both ways.

If you prefer second way- cold storage- the only way to access your assets by other people is stolen off the device you kept the key. Although the risk of hacking is disappeared, it is difficult for you to reach your assets whenever you want.

On the other hand, if you choose the hot way, you may face with cybercriminals like hackers.

If you buy your asset from a special exchange platform, you can also store it on that platform. This platform diversifies in keeping that store part of your asset in a hot way and another part in a cold way. It is a way of protecting your assets from third parties.

One of the most popular options for storing is Coinbase. You can diversify your assets between hot or cold storage.

However, you should be careful that not all the platforms are reliable for using storage purposes. Note that, the platforms use more hot wallets is more likely to be the target of the hackers.

A few more notes for investors to play in a more innovative way.

Suppose that you have already bought your very first crypto asset, but you don’t know how to calculate the real risk of the investment.

If you want to play the game in a more innovative way, you should care not only the valuation of the asset but also decentralization and white paper properties of any crypto asset.

A white paper explains what a crypto asset is. It explains the correction of the problems of competition and function.

These papers are special to assets, should be clear and simple. It should be written without any errors in spelling, uncertainty or conflict.

Decentralization of a crypto asset is a desirable property for serving from not a specific center but the ability to give decentralized service.

Consider Swarm City. Ethereum runs this application and without any third party like Airbnb and Uber gives a chance to people who want to run their own businesses with proving payment and the system is paid peer to peer without payment to any other third party.

Community, developers, and issuance model are other extra three things should be considered for an innovative investment.

A crypto asset is reliable if it is emerged and transacted within a reliable community. and developed by experts. This means, the people in the community of the asset should have enough experience; they should work as investors or miners.

Lastly, an issuance model is necessary for a trusted crypto asset and this model should be fair. It is a model explaining the distribution within the asset and answers the questions like how much currency will be distributed, how many developers and miners exists and what will be paid to them.

Be careful about the models that suggest huge money for miners and developers as a reward that concentrates the power of the asset in the hands of these groups. This kind of mode is not only unfair but also dangerous because this will undermine the investors and leave them to the conscience of the miners and developers.

A bonus mark is that: don’t invest too much to highly supplied crypto assets. Since more of a type of an asset means lower the value of this asset due to supersaturating of the market.

Here is the end of the story. Now it is your turn to apply these points and make your investment.

Cryptoassets: The Innovative Investor's Guide to Bitcoin and Beyond by Chris Burniske, Jack Tatar Book Review

Cryptoassets is an opportunity that investors can face rarely. However, you should understand how the market works and the real meaning of the investment in crypto assets before starting this journey.

White papers and decentralized edges are significant and should be analyzed carefully, follow the varieties on trading pair diversities and choose the right way to keep your crypto assets securely. Be aware of the fact that you may lose your savings. Besides, if you are aware of the risks and make the right research, it represents a great opportunity and investment for you.

You should do what is needed!

Before your decision on investment, you should make detailed research on both existing and new assets. You should find reliable resources to read. For instance, bitcoinmagazine.com is a good source with its in-depth articles and reliable publications or you can follow the latest news from Coindesk.com.

If you can't find a good source and enough online information about a new crypto asset, it is better to not touch on it. One way to learn about a new crypto asset is by visiting Meetup.com and read the references.

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