

Forum:[Hack Forums](#)

Thread: [How to evaluate coins, and understand if investing is really for you. MUST READ](#)

Eagerkid - October 9, 2017, 6:42 pm

Bookmark this thread for future reference

Thinking about crypto currency in a more educated light

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INTRODUCTION

THE MARKET IS DOWN....AHHHHH

The worst thing you can do is panic when the market is down, that is not to say your investment will be safe or that you picked the right coins. All it does is allow you to make a more educated decision on the situation and it allows you to better evaluate the market. Below I will explain how to evaluate coins and so if you are invested in coins already you should take a step back and reevaluate them to make sure you are making the best possible decision.

Do you understand Blockchain Technology? Most people investing in crypto currency don't understand blockchain technology and how it works exactly. That is like buying a car before you have a license or understanding of its safety precautions. If you don't know how crypto currency works or blockchain technology then you need to pull out of the market and do some research. [Blockgeeks](#) has a good article for the basic understanding.

How are you receiving your investing advice? Are you buying into it because your friends are jumping up and down from 1 successful 5x in a short amount of time? Or are you investing because you see potential from actual research and not "news articles". The best way to invest of course is from your own personal knowledge and the combined thought of others. News articles are good but come with a great responsibility! Use it as a guide but not advice. Often times, people will read a

"buzz" article about a coin and then go on and invest into it without doing ACTUAL research on the coin. This causes a lot of problems and will make your crypto currency investing experience horrible.

Do you understand the risk of crypto currency? 99% of these coins that are out on the market today will fail. Most of them are like politicians and promise innovation that is not technologically possible or a whitepaper that looks good but does not actually work out for one reason or another. With that knowledge that most of the coins are going to fail, you should really think about how your ROI and EV will be effected.

EV is very important when thinking about crypto currency coins and potential investments. You can read about [Expected value here](#).

A example of EV:

When you are driving into a parking lot, do you take the first spot you see that is the closest to the building. Or you do you drive up past your vision and hope there is a better spot? The answer is simple, it is +ev to pick the closest spot that you can see, rather than driving past your vision. (this is in terms of time) You will spend more time looking for a spot that is past your vision and not finding a spot and having to circle back around, than you would if you just picked a farther spot and decided to take the initial longer distance. This is taken at a large population of times. If you did this 1000 times, what would work best? Taking the closest spot you can see. Of course luck does play a role like it does in many business situations, however when you think about variance luck does deteriorate as time goes on. If you play that scenario 1000 times, regardless of your luck you would find that parking your car closer would be more beneficial in terms of your time. (Which is your most valuable resource)

How much are you spending every day researching? The crypto currency market changes every day and new information and regulation comes out so you need to be on your feet if you want to succeed as a active investor. I would recommend spending 1 hour a day reading up on recent news, and spending time to reflect on how that information will effect your coins or the crypto currency market.

When you hear about a coin, what is the first thing you do? Often times people will see pumped news about a coin that gained 100% over the weekend, and because you are a money hungry machine you want to jump onto it because you are scared you will miss the wave. Lots of people will go to CoinMarketCap and look up the coins ticket and take a look at the chart and become "superhero graph readers" and invest based on how the market is moving. These people are the same people that will not last long in the crypto currency world. Yes, the graph does play a role but more importantly the coins market value. I would suggest getting out of the investing game if you did any of the above things. You can always get back in when you are ready, but if you are doing the above you are not heading in the right direction.

What should you do?

1. Take out a piece of paper (Yes. If you want to make money and seriously make a long term profit you will need to do some hard work. However if you are investing for the shits and giggles then you can just skip over this thread)

2. The second thing you should do when you hear about a "new investment look" is look the coin up on Coinmarketcap and check out the coins MarketCapital and write it down on a piece of paper.

3. Instead of jumping to a news article that will potentially be pumping the coin, go to the actual

website of the coin and read the white paper and take notes on your piece of paper.

Basic questions you will need to answer to evaluate a coin. Click The Spoiler

Spoiler ([Click to View](#))

A. What Market is this coin trying to capture? What industry is it in? Is it tackling a new or existing market?

B. Is this coin a registered company?

C. Where is this company located? Be careful, the company might be located somewhere and be registered somewhere else. So where are they currently located, and where are they registered?

This is important because different countries and areas might have different laws regarding businesses and crypto currency. So it is important to learn about the different government regulations that different countries have.

D. What legal boundaries are they going to have to get through? Have they explained the legal structures in the white paper?

E. How is their security? How will they be making the coins safe? How will they be keeping internal control? Will they follow similar laws regarding internal control?

[Coincenter](#) has a really good article regarding this.

F. Have you read the terms of service? Do you understand it?

G. How are they established on the blockchain, are they an ERC20 token etc?

H. How does the team look, when you google them are you able to find legitimate information on them. If so, how well do you think they will represent your interest and making the coin successful. Also make sure to do research on the advisors and their compensation terms. If they are able to receive their coins within a month, then a possible dump of coins could happen etc.

I. What risks are you able to see, and how can you see these risks minimized in your investing strategy?

The whole idea is to invest in the best coin, with the lowest amount of risk.

J. Does this company have a successful record? An example would be if Microsoft decided to create a coin. Although it is not the most important thing, it can help you evaluate the coin in the end.

K. Are there exchanges that are ready to list the coin, or have no exchanges publicly agreed to launch the coin. Make sure to check the legitimacy of these claims

L. Are they communicating well?

Often times the coins will have Twitters or other social media accounts that they will update with information often.

M. What role will this token/coin play in the crypto currency ecosystem? Does it actually have a utility? What is the economic structure behind the coin? Why does this coin have to exist?

N. Are you able to use this coin outside of its application? Is this coin specific to its application or

can it be used in other markets?

For example: BTC

O. Is it absolutely necessarily to have the coin? What makes this coin essential for the project?

*This is very important and is especially important when deciding to invest in a ICO. You will notice when you look through ICO's that they are basically a hidden "crowdfund" and not a good investment. They will talk about how they will make so much money with their application, but you should note that just because they are profiting doesn't mean your coin will increase in value. When buying a coin, you are most likely not receiving a equity in the company.

After answering these questions, you are probably exhausted with information. Take a small break and then continue on with this guide.

4. The fourth step is to look at all of this information and decide how much the coin is worth in terms of evaluation. You will use the above information to decide how much the coin is worth, and you will need to do some research into the market that the company wants to enter. If the coin wants to transform the "music" industry, you should think of how the coin could change the industry. What are some problems in the industry? And how could this coin solve them?

Evaluating the coin is very hard because you need to analyze a lot of information to come to a good guess.

5. Once you have evaluated the coin, you can look into the news and listen to others on their analysis and see if you can transform your own personal opinion. The hardest thing to do, is the actual research. It is easy to visit CoinDesk or a news site and read about a millionaire who does or doesnt like the idea. The real power is researching it yourself, because when you do this you will be confident in your investment. And once you think the evaluation of the coin is reached, and you think it is too high you can sell your coin and make a very large profit. :)

Major League - October 9, 2017, 6:43 pm

Wow nice information, thanks for the share, best of luck to you.

Cluz914 - October 9, 2017, 9:48 pm

Its great to read every one of those questions and being able to answer them for the project you're invested in. (WTC)

Bruce Banner - October 9, 2017, 9:50 pm

Great post here, I think it will help out a lot of people who want to get started with investing.

Eagerkid - October 10, 2017, 8:19 am

(Oct 9, 2017 06:43 PM)Bigg¥ Wrote: [\[CITE\]](#) Wow nice information, thanks for the share, best of luck to you.

Thanks for the kind words

(Oct 9, 2017 09:48 PM)Cluz914 Wrote: [\[CITE\]](#) Its great to read every one of those questions and being able to answer them for the project you're invested in. (WTC)

Thank you, feel free to bookmark the page for future reference if you havent already

(Oct 9, 2017 09:50 PM)MarKehh Wrote: [\[CITE\]](#) Great post here, I think it will help out a lot of people who want to get started with investing.

Yeah it certainly will, this is aimed towards people that actually want to make a good amount of money in crypto.

DLeh - October 10, 2017, 8:30 am

Very nice guide with a lot of valuable information, especially for the mass of new 'investors' here.

Eagerkid - October 10, 2017, 1:35 pm

(Oct 10, 2017 08:30 AM)DLeh Wrote: [\[CITE\]](#) Very nice guide with a lot of valuable information, especially for the mass of new 'investors' here.

Thanks man! I appreciate it :)

Always some salty users who 1 star my threads lol

Outlaw. - October 10, 2017, 1:42 pm

Good work OP, I already bookmarked it to have something to help me when I have doubts.

Eagerkid - October 10, 2017, 2:09 pm

(Oct 10, 2017 01:42 PM)Alex Business Wrote: [\[CITE\]](#) Good work OP, I already bookmarked it to have something to help me when I have doubts.

Thanks man! If you have any questions you can always PM and I would be glad to help

???Berlin??? - October 10, 2017, 6:45 pm

Nice information thanks and good effort ;)

Yin Yang - October 10, 2017, 7:26 pm

Buy the rumor, sell the news- that's the best advise I could give to anyone who wants to get in.

No coin will pump without some type of rumor, which in return leads to hype, which then leads to a pump

tx-aj - October 10, 2017, 9:57 pm

Bookmarking, thanks for the thread!

Conscious - October 11, 2017, 12:21 am

This is probably the best crypto thread I have seen on HF !

This should be read by everyone and should be stickied without a doubt.

Thank you so much OP !

7figures - October 11, 2017, 12:30 am

Thanks for the info, I only invest in all this Garbage as coins because i am trying make more BTC. all this atl coins are Garbage to me. first Coin created was bitcoin after that they all once again ima

say it Garbage copycats like when you were killed so many times on MW2 that you had to use copycat perk and still got your ass beat up lol.

I am in this trading thing for the money, the only coin i see and will hold for life is Bitcoin the rest are you already know lol.

DLeh - October 11, 2017, 3:54 am

(Oct 11, 2017 12:30 AM)7figures Wrote: [\[CITE\]](#) Thanks for the info, I only invest in all this Garbage as coins because i am trying make more BTC. all this atl coins are Garbage to me. first Coin created was bitcoin after that they all once again ima say it Garbage copycats like when you were killed so many times on MW2 that you had to use copycat perk and still got your ass beat up lol.

I am in this trading thing for the money, the only coin i see and will hold for life is Bitcoin the rest are you already know lol.

what?

Buddy you have no idea how bitcoin or any coin works. Do your research before talking... please?

Eagerkid - October 11, 2017, 7:20 am

(Oct 10, 2017 09:57 PM)tx-aj Wrote: [\[CITE\]](#) Bookmarking, thanks for the thread!

PM if you have any questions, I would love to help

(Oct 11, 2017 12:21 AM)Conscious Wrote: [\[CITE\]](#) This is probably the best crypto thread I have seen on HF !

This should be read by everyone and should be stickied without a doubt.

Thank you so much OP !

Aww shucks! Thanks for the support

(Oct 11, 2017 12:30 AM)7figures Wrote: [\[CITE\]](#) Thanks for the info, I only invest in all this Garbage as coins because i am trying make more BTC. all this atl coins are Garbage to me. first Coin created was bitcoin after that they all once again ima say it Garbage copycats like when you were killed so many times on MW2 that you had to use copycat perk and still got your ass beat up lol.

I am in this trading thing for the money, the only coin i see and will hold for life is Bitcoin the rest are you already know lol.

I like how you made a Call of duty reference to crypto lol , however not all coins are a copycat to bitcoin, in fact there are many that offer different technology and other advantages

Yoshi - October 12, 2017, 1:34 am

Good checks to decide if you are going to invest in a coin. I recommend new people to read this, very useful.

Eagerkid - October 12, 2017, 7:56 am

(Oct 12, 2017 01:34 AM)Yoshi Wrote: [\[CITE\]](#) Good checks to decide if you are going to invest in a coin. I recommend new people to read this, very useful.

Thanks for the support, these questions are crucial when you are evaluating a new coin or a new potential investment. Hopefully more people will see this and decide to use it before they make their next decision as it will help protect people from investing in sketchy coins.

Eagerkid - October 15, 2017, 9:49 am

If anyone is wondering " Should I invest in this coin" then you need to make sure to read the essential questions in this thread. This will teach you how to evaluate coins successfully. If anyone has any questions I am always ready to help

Eagerkid - *October 20, 2017, 9:28 am*

In confusing times like this, it is good to take a step back and reevaluate the market. I would take a look at the questions in the thread and ask yourself them with each coin you are invested in or potentially interested in

Cruz. - *October 20, 2017, 9:28 am*

Really nice thread helped me understand way more. Thanks!

Eagerkid - *October 25, 2017, 8:47 am*

If you havent evaluated a coin with the questions in my thread, DONT post them in the speculation section. We will not do the work for you. Sit down, and evaluate your own coins and use the speculation section to just compare and use it as advice. Dont make it a investment strat to invest on someone elses evaluation