



Advisor *report*

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May I ask, “What is Bitcoin?”

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It doesn't matter if you are 8 or 98, everyone has heard of Bitcoin. Yet, very few have any idea of what it actually is. You can google it, download videos, you can even ask your neighbor. The point is, no one can really get their hands around what “cryptocurrency” is. Hopefully this month's Advisor report will help a little. (Although to really be educated there are plenty of resources.)

The financial crisis of 2008 fostered the birth of Bitcoin which has become the dominant digital asset or cryptocurrency. Bitcoin is a monetary instrument that does not require trust in governments to not inflate away the value of money or trust in banks to stay solvent. It is a way for people and companies, across the globe, to transact business “digitally in person”.....If I give you a dollar on the street corner, you and I know you have the dollar and I don't. Cryptocurrency means we do the same thing on a computer and the system tracks it for us. See how easy that is? (Yeah right!)

Here is the major problem. Bitcoin can only handle 3.7 transactions per second. So, it is not even close to ever being a global currency in any form. Maybe one day, but as of now Bitcoin is just a concept and whoever figures out how to solve the transactional speed limit issue may be the next Billionaire... but that doesn't exist yet. Another problem is acceptance. Yes, you can buy some things such as a ticket to space with Richard Branson (Virgin Galactic) or Expedia travel, but the list is not that long.

So why all the hoopla? Primarily since there are a finite number of actual “bitcoins” the more people want them, the more valuable they become....sort of like land,

art or rare physical coins. So the FOMO (fear of missing out) circus that has surrounded Bitcoin has pushed the value of owning some through the roof, back down, and back up through the roof in a very volatile and unpredictable way. Not attached to any earnings, profitability, management, new products etc., just pure speculation.

Can you buy some? That is a question we get. Yes and no. Yes you can buy them (through an exchange) and no you can't buy them from us because we won't recommend them as a short or long term investment. You see, there are over 10,000 cryptocurrencies out there right now trying to be the “one who figures it out”. Will Bitcoin be the one who eventually solves the transaction rate problem and become the accepted global currency of the future? Who knows. But, just like investing in penny stocks with companies trying to solve some type of real human challenge such as cancer or Alzheimers - or some less serious human challenge such as electric self driving SUV's or time travel, it is literally a crap shoot.

So, if Bitcoin remains a “Bitcoinfusing” for you after reading this, don't feel alone. There is plenty out there to read about blockchains and algorithms to “clear it up”. But hopefully by reading this you understand that as long term investors with goals you are not missing out on anything. There is enough drama in the investment world on a daily basis to keep us busy working hard for clients. Like grandpa used to say to us, “they ain't making any more land”. Maybe your grandchildren will say something similar to their grandchildren about Bitcoin....But it ain't now.

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Source(s):

<https://www.morningstar.com/>

<https://www.marketwatch.com/>

<https://www.finra.org/>

<https://www.cnn.com/>

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