

LEGACY INNER CIRCLE | SPECIAL REPORT

Cryptocurrencies



LEGACY RESEARCH
GROUP

Table of Contents

Introduction.....	3
The Most Important Technology Since the Internet	5
How to Put Crypto to Work in Your Portfolio.....	7
Peak Bitcoin Has Arrived	14
Here's How We Get to \$60,000 Bitcoin.....	18
How Crypto Eats Wall Street	21
It's Not Too Late to Make Life-Changing Gains in Crypto	24

Introduction



Chris Lowe, Editor,
Legacy Inner Circle

Last year, bitcoin was on a rocket ride...

On January 1, 2020, the world's first cryptocurrency was changing hands for about \$7,200.

By the end of the year, you needed about \$30,000 to buy one bitcoin (BTC).

That's a gain of more than 300%... in a year.

That's roughly 20 times the return from U.S. stock market bellwether the S&P 500 over the same time.

Bitcoin (BTC)



World-renowned crypto expert Teeka Tiwari added bitcoin to the model portfolios at our *Palm Beach Letter* and *Palm Beach Confidential* advisories in April 2016.

Here at *Legacy Inner Circle*, we first put Teeka's recommendation to buy bitcoin on our readers' radars in July 2016.

Back then, you could buy one bitcoin for \$665. At writing, one bitcoin trades for about \$55,000. That's an 8,170% gain in less than five years... crushing anything you would have earned in the stock market.

If you answered our call to buy bitcoin – congratulations. You're reaping the reward for investing ahead of the crowd in one of the world's most profitable market megatrends.

And if you still haven't made your first investment in bitcoin, don't worry. As you'll see from the Legacy experts' insights below, published during 2020, we're still in the early days of bitcoin's bull run.

Teeka reveals his approach to asset allocation, where "asymmetric bets" like bitcoin can propel you to life-changing wealth...

And he lays out a roadmap for bitcoin to reach \$60,000 – and beyond.

Also in this special report, Nick Giambruno, chief analyst at *The Casey Report* and *Crisis Investing*, explains why bitcoin is "the hardest money in the world..."

And Greg Wilson, Teeka's righthand man at our *Crypto Income* advisory, reveals how decentralized finance ("DeFi") is unlocking new income streams from crypto assets...

First, though, Teeka shows us why blockchain – the technology that underpins cryptos – will change society more than we can possibly imagine...

Regards,



Chris Lowe
Editor, *Legacy Inner Circle*

The Most Important Technology Since the Internet

Q&A With Teeka Tiwari, Palm Beach Research Group

Published in *Legacy Inner Circle* January 31, 2020



Teeka Tiwari
Palm Beach
Research Group

Chris Lowe: We've spilled a lot of ink on cryptos and blockchain over the last few years here at *Legacy Inner Circle*. It's one of the most potentially profitable investing themes we cover.

But it's still something folks have a hard time getting their heads around. Can you explain what it is?

Teeka Tiwari: For most people, blockchain is a difficult concept to grasp. After all, it's still a relatively new technology.

Imagine you're back in 1970, and I tell you that in the future, more people will send mail electronically than through the U.S. Postal Service. You'd think I was nuts.

Fast-forward 50 years... and today, people send more mail over the internet than through the post. It's become an essential, integral part of our lives.

That's the thing about ground-breaking technology. In the early stages, we don't always see how it'll change society.

And blockchain will do just that. In fact, Marc Andreessen, the billionaire venture capitalist who helped invent the first web browser, says blockchain is "the most important technology since the internet."

So what exactly is the blockchain?

At its core, a blockchain is simply a decentralized, distributed online network.

The blockchain's main use to date has been to record crypto transactions. Think of it as a vast, decentralized, digital ledger.

The internet is a great example of this type of decentralized network. No one owns the internet. Each computer logged into the internet is a "host." Even if you shut down one host, it won't shut down the entire system.

Blockchains work the same way.

Today, the internet is a global network linking billions of computers. There are nearly 4.5 billion internet users and 1.7 billion websites. Everyone on the internet can communicate with everyone else.

Think of the internet as an online Postal Service. And think of the blockchain as an online financial services firm.

Like the Postal Service, the internet exchanges communications between people. But it exchanges them faster and more efficiently than the Postal Service. Today, we can instantly send text, voice, and video messages to anyone around the world with just the click of a button.

And like a financial services company, the blockchain exchanges value between people. But it exchanges value faster and more efficiently than a bank can.

Soon, you'll be able to exchange something of value online as well – a stock certificate, a title deed for a property, a land deed, or a car title – with just the click of a button.

In the same way the internet revolutionized how we exchange information... the blockchain is revolutionizing how we exchange value.

It's a groundbreaking technology that we'll eventually use to record any type of transaction. For instance, you'll be able to sell your car, home, or even artwork on the blockchain. That's why some people are calling the blockchain the new internet.

Chris: That's a good analogy. I can get a sense of the potential for growth.

Teeka: The potential is *huge*. The World Economic Forum (WEF) projects blockchain will grow from \$2.9 billion to \$8.6 trillion by 2027 – that's 10% of the world's GDP.

And the WEF isn't alone. German bank Deutsche Bank also forecasts that blockchain systems will record transactions for about 10% of global GDP by 2027.

And investment bank RBC Capital Markets calculates that the blockchain ecosystem could be worth up to \$10 trillion within the next 10 to 15 years.

So blockchain-based networks will impact businesses... and our lives... even more than the internet does today.

Chris here – *I recorded this next conversation with Teeka in March 2020. At the time, turmoil was rocking the markets.*

The Dow was down 26% from its peak. The S&P 500 was down 24%.

Crypto got hit, too. Bitcoin fell 28% in the week we published the extract below. It was trading at less than \$6,000.

But Teeka wasn't sweating it. As regular readers know, in the crypto sector, volatility goes with the turf.

That's why, to be able to stomach market swings, you need to have a well-diversified portfolio.

In the extract below, Teeka shows how it's done...

And he also outlines the "trifecta" of catalysts that would shortly drive the price of bitcoin much, much higher.

How to Put Crypto to Work in Your Portfolio

Q&A With Teeka Tiwari, Palm Beach Research Group

Published in *Legacy Inner Circle* March 13, 2020



Teeka Tiwari
Palm Beach
Research Group

Chris Lowe: Teeka, you've been pounding the table about the importance of a diversified portfolio for your *Palm Beach Letter* readers.

From its launch in 2011 to last June, *The Palm Beach Letter's* portfolio recommendations averaged annual returns of 129.7%. Next to that, the S&P 500's average annual return during the same timeframe was 11.6%.

But you recently overhauled the *Palm Beach Letter* asset allocation model. Why?

Teeka Tiwari: The most vital part of building wealth is how your investments fit together into one holistic portfolio.

Studies show that your asset allocation decisions – not the individual stocks you pick – account for more than 90% of your portfolio's long-term returns.

That's how we crushed the market over the past decade – with much less “volatility” (dramatic swings up and down) – at *The Palm Beach Letter*. But as we move into the new decade, it's time for a change. So I had my team come up with a new asset allocation model.

Chris: What methods did you use to decide on the new model?

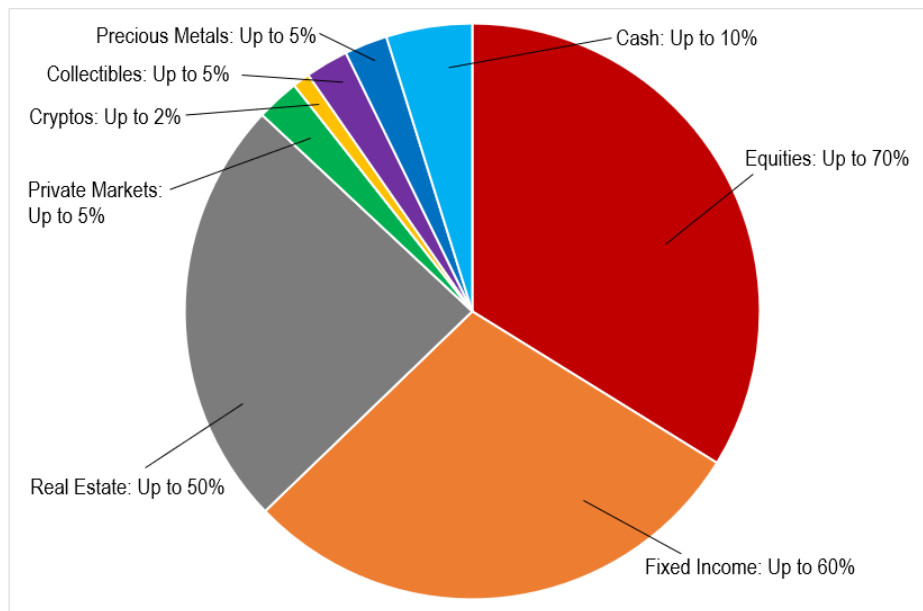
Teeka: We researched each of our asset classes. We went over every position in our portfolio.

We also studied the return forecasts from dozens of major financial firms.

We did all this to create a new model we believe will outperform the market over the next decade – just like we did this past decade.

The new model looks like this...

Palm Beach Letter Asset Allocation Model



 PALM BEACH RESEARCH GROUP

You'll notice our suggested allocation sizes don't add up neatly to 100%. That's because each individual investor is unique. So we don't recommend one-size-fits-all allocations.

As you can see, our model consists of the following eight asset classes: Equities (stocks), fixed income (such as bonds), real estate, private market securities (tiny stocks that aren't available to the general public yet), cash, precious metals, collectibles, and cryptos.

This is probably the most diversified portfolio strategy in any newsletter in America. It includes multiple income streams, conservative investments, speculative plays, portfolio hedges, and true alternative assets.

And not only does greater diversification hand you better returns... it also results in lower risk and better protection for your money.

Chris: Right. When you have a well-diversified portfolio, you'll always have some protection. Even when most markets – like stocks – are going down, you can count on some investments going up.

How do you see the role of cryptos in a diversified portfolio?

Teeka: If you want to move the needle on your net worth, it's not going to happen if you just buy Amazon, Apple, or Google. They're mature market leaders now. And their millionaire-making days are long gone.

So where will life-changing gains come from next? The answer is: the crypto market.

In less than a decade, the crypto market will be worth more than gold's global market cap of \$8 trillion. And crypto will play a central role in world finance.

That's why we recommend readers add some bitcoin to their portfolios. We generally recommend allocating up to 2% of your portfolio to cryptos.

Cryptos offer the chance to make asymmetric bets. That means you only need to invest a tiny stake to make life-changing gains.

I recommend \$200-\$400 if you're a smaller player, \$500-\$1,000 if you're a bigger player. That gives you the ability to deal with the intense volatility in cryptos without wanting to shoot me or pull your own hair out.

Chris: You've called this type of investment a "Holy Grail." What did you mean?

Teeka: On Wall Street, a "Holy Grail" investment is an uncorrelated asset. It is not linked to any other asset. For instance, generally, when the dollar is weak, gold is strong. When the economy is good, stocks go up... and vice versa. These are all correlated assets. They have a link with one another.

Bitcoin has no links to the traditional financial world. So we view it as an uncorrelated asset.

In other words, crypto's movements aren't tied to the stock market or the overall business cycle...

A study last year by Bitwise Asset Management concluded that allocating just 1% to 10% of your portfolio to bitcoin gives better risk-adjusted returns than holding only stocks and bonds.

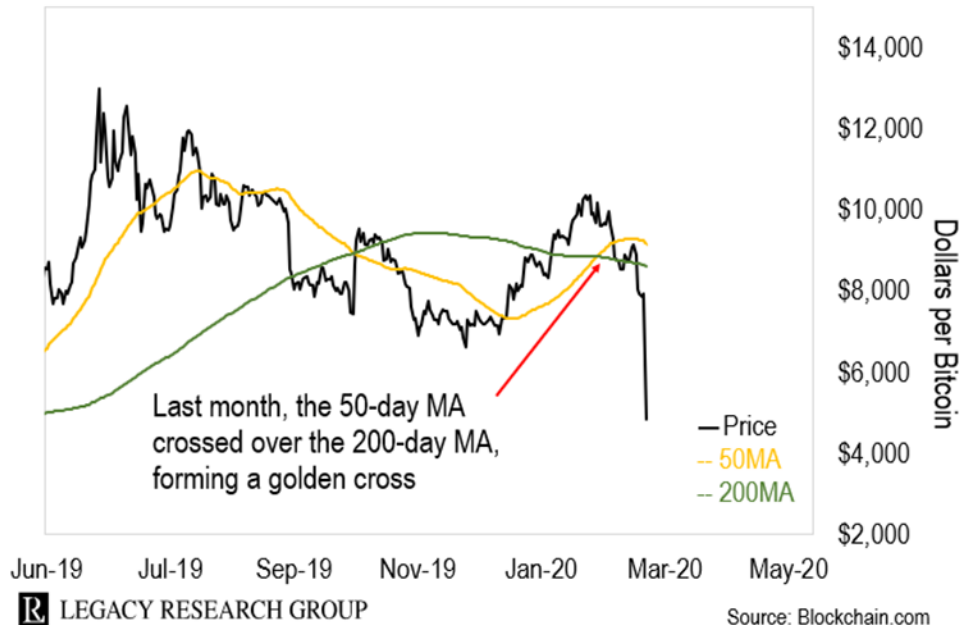
And the timing couldn't be better to add some crypto exposure to your portfolio. Everyone is focused on the coronavirus. No one is paying attention to crypto. This is creating a perfect entry point.

We're witnessing a bullish trifecta in the crypto market right now. Demand is increasing... supply is decreasing... And a bullish price indicator for bitcoin just triggered a buy signal...

Chris: Let's talk first about that bullish indicator.

Teeka: Sure. It's known as the "golden cross." A golden cross is when a short-term trend line (the 50-day moving average – the yellow line on the chart below) crosses above a longer-term trend line (the 200-day moving average – the green line on the chart below)...

Bitcoin



In the past, golden crosses have triggered major runs in other assets.

For instance, gold is up nearly 19% since its golden cross in early 2019. The Nasdaq experienced a similar run since its golden cross in March 2019.

Now, over the past eight years, bitcoin has had five golden crosses, including the recent one.

Each and every time, bitcoin has dipped lower after the golden cross... before taking off again.

Back in 2015, the "dip" after the golden cross was more than 40%. While people were freaking, the smart money was buying in on the lows at \$284. By 2017, bitcoin was at \$20,000. That's how powerful this buy signal is, Chris.

But that was not a one-time deal.

If you'd bought bitcoin right after each dip, you could have made an average of 32 times your money... in just a little over 12 months.

Check out the table below. It shows the gains in bitcoin if you bought after the dip that occurred following the previous four golden crosses:

Profitable Golden Crosses		
Golden Cross	Drop Surrounding Cross	Potential Gains
April 2012	7%	5,430%
July 2015	38%	293%
November 2015	41%	6,589%
April 2019	11%	178%
Average	24%	3,123%

Source: Bitstamp

Last month, bitcoin's 50-day moving average crossed above its 200-day moving average... forming a new golden cross.

The cross by itself is bullish for bitcoin... But it's by buying the post-golden cross dip that you'll make the real money.

And right now, we're seeing that dip in action... Bitcoin is down 47% since the golden cross on February 18. This is a prime buying opportunity.

And Chris, this post-golden-cross dip will soon meet another catalyst that could catapult bitcoin prices significantly higher from here.

Chris: This must be the second catalyst in the crypto trifecta you mentioned.

Teeka: That's right. I'm referring to the halving. This is when the reward for mining new bitcoin is cut in half, on a predetermined date. The reward is the amount of bitcoin miners receive for successfully solving a math puzzle generated by the bitcoin network and then verifying new transactions.

Right now, successful miners receive 12.5 new bitcoin as a prize. This is how the network automatically issues its own currency.

What makes bitcoin different from other currencies is there can never be more than 21 million bitcoins in existence. The issuance is strictly regulated by computer code.

The halving is also written into the bitcoin code at set intervals. Each halving reduces the supply of new bitcoin coming to the market. The first halving occurred in 2012. The second one happened in 2016. The third will occur in May 2020.

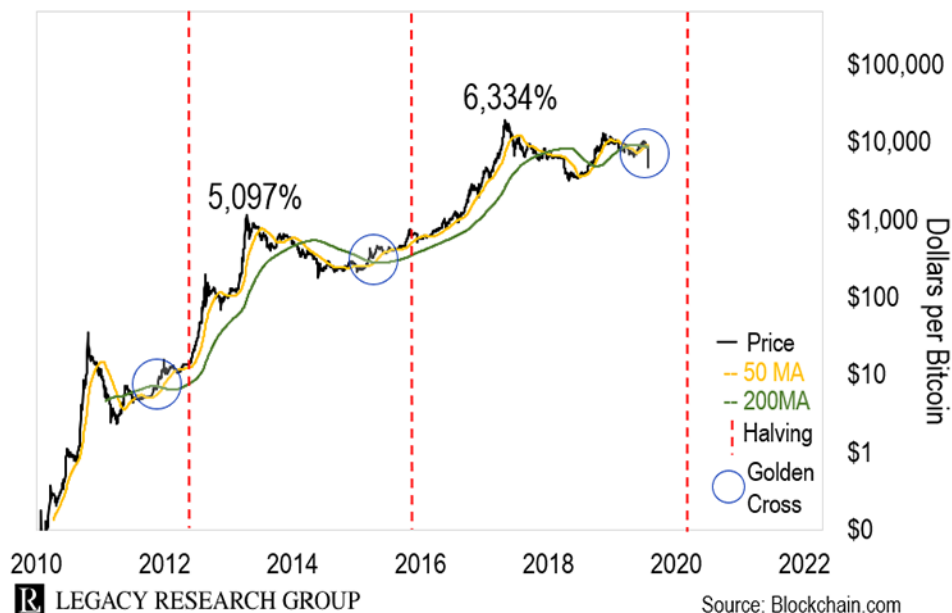
[Based on current mining patterns, the next halving will likely take place some time in 2024.]

The reward bitcoin miners receive will drop from 12.5 to 6.25 new bitcoin. Over one year, that'll drop the incoming supply from about 675,000 to about 337,500.

And guess what we saw right before the last two halvings? Bitcoin's 50-day moving average crossed above its 200-day moving average... forming a new golden cross.

Each time, the profits were jaw-dropping. Have a look at this chart... It shows the gains in bitcoin from when the golden crosses occurred prior to bitcoin halvings...

Bitcoin's Rare Setup



Bitcoin prices shot up 5,097% and 6,334% within 18 months of the golden cross, on average. Just a \$1,000 investment in bitcoin would have become \$51,970 and \$64,340, respectively.

Chris: What's the third influence that's making cryptos such an attractive profit opportunity right now?

Teeka: The third driver will be a surge in brand-new, massive demand for bitcoin and crypto assets. And this demand will come from new crypto financial products created by Wall Street.

These financial products will act as a gateway for investor money to enter crypto assets. It's the same way exchange-traded funds (ETFs) acted as a gateway for investor money to enter stock indexes, precious metals, and energy products.

[An ETF trades like a stock on a regular exchange. But instead of giving you exposure to a single company, it gives you exposure to a broad basket of companies – typically in one sector.]

Since the first U.S. ETF launched in 1993, we've seen \$6 trillion dollars flow into ETFs. There are now over 2,000 ETFs in the U.S.

These financial products have been a home run for fee-hungry Wall Street. We estimate financial firms have made \$26 billion in fees from them. And we expect they'll use the same playbook to get their clients into crypto, too.

The potential fee income from crypto financial products is just too large for them to ignore. We peg it as an \$8.3 billion annual fee opportunity for Wall Street.

And just as Wall Street financial products drove prices for stocks, oil, and gold to all-time highs... we expect they'll do the same with crypto.

Chris: How much growth do you predict for the crypto sector?

Teeka: Right now, the total market cap is about \$165 billion. When mainstream investors adopt crypto products, I can foresee a total market cap of well over \$1 trillion. That's more than a six-fold increase from here.

Chris here – Bitcoin is the ultimate “hard asset.”

An unchangeable protocol governs the new issuance of bitcoin. No matter how high bitcoin's price soars, you can't increase its supply past its fixed limit of 21 million bitcoins.

Instead, the opposite happens. Over time, the rate of new issuance falls... then stops for good when we reach the hard cap of 21 million.

And it's an iron law of markets that when demand rises... and supply can't expand to match it... prices go up.

Nick Giambruno predicted it all at our Casey Report advisory last year...

He reveals below why he believes bitcoin is just at the start of a historic bull run...

Peak Bitcoin Has Arrived

By Nick Giambruno, Casey Research

Published in *Legacy Inner Circle* July 3, 2020



Nick Giambruno
Casey Research

The best way to measure the scarcity of something is to look at its “hardness” – how difficult it is to produce relative to its existing supply.

Think of it like this...

As the price of something rises, it incentivizes more production.

Increased production creates more supply, which eventually puts downward pressure on prices. “Hard” assets are *relatively* more resistant to this process.

For example, suppose the prices of gold and copper both double. It will incentivize producers to mine more copper and gold.

But because gold is a “harder” asset than copper, the resulting increase in gold supply will be less dilutive for the price of the metal than that of the increase in copper supply.

This characteristic – gold’s hardness – is a primary reason why humans have used it as money for over 5,000 years. Gold is an excellent store of value because it is relatively hard to produce.

For most of human history, gold hasn’t had much competition. It’s pretty much always been the hardest of all assets.

But that all changed recently. There is a revolutionary new asset that is now just about as hard to produce as gold. In less than four years, its hardness will be almost *twice* that of gold’s.

The World’s Hardest Money

I am, of course, referring to bitcoin, the world’s first scarce digital asset.

No other cryptocurrency is as genuinely scarce and decentralized as bitcoin.

All other cryptos have key players, insiders, and development teams that can potentially act like central banks and increase the supply if they choose to.

It’s a temptation humans will likely find impossible to resist. Eventually, it will happen – that is the nature of putting the potential to tinker with monetary policy in the hands of humans.

For example, there have been debates within the Ethereum community – the second-largest cryptocurrency after bitcoin – on what the inflation schedule should be for its crypto asset, ether (ETH).

The fact that altering the ether supply is not only possible, but a practical proposal under serious discussion, is proof that it is not a hard asset.

Bitcoin, on the other hand, takes humans out of the equation. Its non-discretionary monetary policy is in the hands of an unalterable protocol.

[When bitcoin was launched in 2009, built into the code was a proviso that there would never be more than 21 million bitcoins. So its supply is limited. Currently, there are just over 18.4 million bitcoins in existence.]

Bitcoin is the only crypto that is truly not controlled by anyone. Nobody can alter its supply, which is fixed for eternity by code.

That's the essential difference between bitcoin and all other cryptos. It is for this simple reason that no other cryptocurrency – and no asset other than gold – even comes close to possessing the monetary properties of bitcoin.

As a free-market, non-government, hard money, bitcoin is in the same league as gold. None of the other cryptos are.

Harder Than Gold

The stock-to-flow (SF) ratio quantifies the hardness of an asset.

The “stock” part refers to the amount of something available, like current stockpiles. For bitcoin, it's the supply that has already been mined. It's available right away.

The “flow” part refers to the new supply added each year from production and other sources.

Stock / Flow = SF ratio = the number of years of new supply (flow) needed to equal the current supply (stock).

A high SF ratio means that the new supply is small relative to the existing supply. This indicates a hard asset.

A low SF ratio indicates the opposite. It means the new supply is large relative to the existing supply. And that can sway the market balance easily. If an annual supply of something is close to its current stock, the new supply will have a lot of power over the price of that commodity or asset.

Today, bitcoin's SF ratio is around 56. That's well above silver (4.7) and about equal to gold (58).

As bitcoin's supply growth continues to shrink due to what is called the "halving," bitcoin's SF ratio will double gold's in less than four years – and continue growing after that.

[About every four years, the reward given to bitcoin miners is cut in half. This halves the rate at which new bitcoins are released into circulation. In 2009, the reward for each block mined was 50 bitcoins. After the first halving in November 2012, it went down to 25 bitcoins. Then in July 2016, it further reduced to 12.5 bitcoins. And in May 2020, it halved again to 6.25 bitcoins. Based on current mining patterns, the next halving will likely take place some time in 2024.]

The SF ratio shows how bitcoin will soon become the hardest money the world has ever known.

Stock-to-Flow Ratio: Bitcoin vs. Precious Metals



CASEY RESEARCH

Sources: US Geological Survey, The Gold Standard Institute, Sharelynx, Casey Research

Consider including bitcoin in the gold and copper example from before... where the rise in price incentivizes more production, which creates more supply, and eventually, downward pressure on prices.

But bitcoin's supply is perfectly inflexible and is entirely resistant to this process. In other words, no matter how high the bitcoin price goes, it cannot induce the production of more bitcoins.

There is no other asset in existence like this.

This is why bitcoin is the hardest asset the world has ever known.

Peak Bitcoin

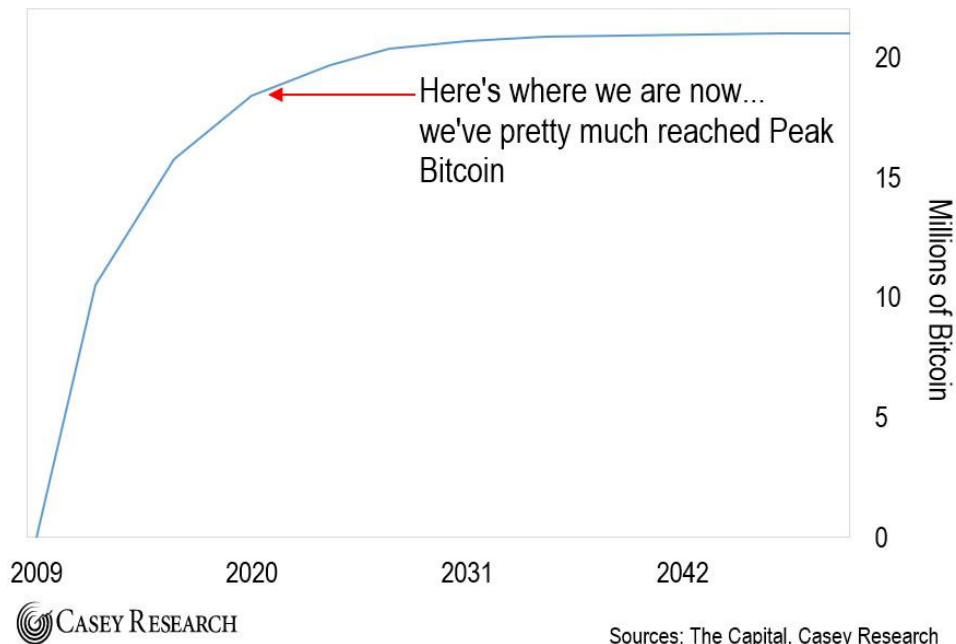
Bitcoin is the only large, tradeable asset in the world that has a known and fixed supply.

According to the unalterable bitcoin protocol, we know precisely how bitcoin's supply will grow. There will never be more than 21 million bitcoins, and there's nothing anybody can do to change it.

As of writing, there are over 18.4 million bitcoins in existence. That's about 87% of the total potential supply.

The remaining 2.6 million new bitcoins will be added at an ever-decreasing rate until the 21 millionth bitcoin is created – about 120 years from now. By the end of this decade, over 98% of all bitcoins will have already been created.

Bitcoin Supply Schedule



The supply of bitcoin won't grow much at all from here – and demand is set to explode.

We've already reached what I call "Peak Bitcoin."

Chris here – When I next sat down to talk with world-renowned crypto investor Teeka Tiwari in August, bitcoin was trading at about \$12,000.

Teeka made a bold prediction. He asserted that bitcoin could reach \$60,000 or \$70,000 a coin – a lot sooner than most folks realized.

As I write, bitcoin is trading at about \$55,000. Teeka's prophecy looks set to be coming true.

But \$60,000 per bitcoin is just another milestone in a longer and even more profitable rally.

Below, Teeka reveals how mainstream adoption is about to send bitcoin stratospheric...

Here's How We Get to \$60,000 Bitcoin...

Q&A With Teeka Tiwari, Palm Beach Research Group

Published in *Legacy Inner Circle* August 21, 2020



Teeka Tiwari
Palm Beach
Research Group

Chris Lowe: Teeka, I reached out to you again because I've been looking back into the archives. A lot of the things you said to your readers are coming true.

In particular, the big call that you nailed back in 2016 was around cryptocurrencies. You've been talking about bitcoin since it was trading at \$428.

This week, bitcoin smashed through \$12,000. That's really exciting.

But back in March, crypto had a big selloff. It plunged 56%.

You were getting inundated with emails from subscribers saying, "Teeka, what the hell is going on?"

You counseled patience and perseverance. And you told people that we were going to see a bitcoin boom.

Teeka Tiwari: It was funny, because it's very rare when you see the stock market and bitcoin crash at the same time.

People were terrified that bitcoin was actually a correlated asset. They were saying, "Teeka, you've been telling us for years that bitcoin doesn't move based on the same drivers that move the traditional capital markets."

And so, during that period of time, I was explaining to people that there are exchanges that will let you borrow 100-to-1 in order to speculate on bitcoin.

Also, there were in the region of \$2 billion in liquidations taking place. So I explained that, “Look, this is temporary.”

If you own bitcoin, you have to understand what the driving story is. But the driving story can be very different on a day-to-day basis. It can be regulatory uncertainty. It can be a selloff because of margin.

I’ve always told my subscribers to ignore the day-to-day story and focus on the big, driving story.

And the big, driving story of bitcoin and all cryptocurrencies is *mass adoption*. It’s going from a relatively small market to a massive market.

So I said to everybody then that it was a buying opportunity – in both stocks and bitcoin.

I said, “Don’t sell your stocks. Buy good-quality stocks. This is an amazing buying opportunity.” People thought I was crazy.

But with bitcoin, they thought I was even nuttier. Bitcoin had gotten down to \$3,800 from \$10,000.

And here I am telling everybody, “Hey, it’s a blip. Go enjoy your life. If you’ve got some extra cash, go buy some more bitcoin. You are going to see bitcoin prices make a breath-taking move higher.”

And that’s exactly what we’ve seen.

Shortly after bitcoin hit those lows, it was back at \$10,000.

Then we heard stories coming out about all the institutional adoption of bitcoin.

We saw people like Paul Tudor Jones come out and say, “I put 1-2% of my assets into bitcoin.” He is a guy worth \$5 billion, who manages \$38 billion. This was just shocking.

Fidelity came out and said that they’re providing services to custody – and buy – this asset for their entire institutional base. Something like 60% of their institutional base has expressed an interest in buying bitcoin.

So again, you have to look at what that is showing us.

It’s showing us that the mass adoption story is real.

It's not just Teeka Tiwari coming down from the mountain, clothed in a loincloth, acting like a crazy man, saying, "Oh my goodness, here's the New Testament of bitcoin."

That's what it was like in 2016, when all you heard was, "Bitcoin is for criminals... It's just for people who want to hide their money... Every central bank wants to kill bitcoin... Every government wants to kill bitcoin."

And here I am, like a lunatic, telling everyone that all those people were wrong, I'm right, and they should buy bitcoin. I can understand how crazy that must have looked and sounded back then.

And I will say the same thing here again. Yes, bitcoin has moved a lot. Yes, crypto has moved a lot. But we're in maybe the second half of just the first inning of this move. There's still so much more money to be made in cryptocurrency.

So you're going to see bitcoin reach \$60,000 or \$70,000. I'm not going to paint myself into a corner and say when. But it will happen a lot sooner than most people realize.

You will see cryptocurrencies with multitrillion-dollar market caps – like how you now see stocks with multitrillion-dollar market caps.

What I want everybody to know is that we are at the very beginning.

Only 35 or 40 million people actually actively invest in cryptocurrencies. And there are 500 million investors in the world. You don't have to be a rocket scientist to figure this out. It's just supply and demand.

And as we continue to see these massive institutions come into the space and onboard their investors into the space, we're going to continue to see high prices.

Chris here – In September 2020, I reached out to crypto expert Greg Wilson.

Greg is Teeka's right-hand man at our crypto-focused advisory, Palm Beach Confidential. He also heads up Crypto Income. It's a unique advisory we publish that focuses on a new way to invest in cryptos.

Greg finds cryptos that pay dividends and yields... so you can pull income out of the market – no matter what's happening in stock or bond markets.

As Greg explains below, although only a tiny fraction of investors know about it, a new, crypto-based financial ecosystem is emerging.

This has allowed Greg's readers to earn yields that dwarf those offered by stock and bond markets.

And in a world of zero... and even negative... interest rates, that's hugely valuable.

Read on to discover why decentralized finance (or "DeFi") is a game-changer for investors...

How Crypto Eats Wall Street

Q&A With Greg Wilson, Palm Beach Research Group

Published in *Legacy Inner Circle* September 4, 2020



Greg Wilson
Palm Beach
Research Group

Chris Lowe: Before we dive into how it's possible to earn income on crypto, I want to make sure new readers understand the big picture. How does crypto finance fit with the traditional financial system?

Greg Wilson: "Fintech" is a term your readers are likely already familiar with. It's a combination of the words "financial" and "technology." It's a way of using technology to improve and automate financial services.

One example is the explosion of automated, or "robo," investing apps such as Wealthfront and Betterment. These apps do the things a human financial advisor would have done in the past. They take your money and invest it in a diversified portfolio tailored to your age and risk appetite.

Another example is the website LendingClub.com. Instead of going to your bank for a loan, you can apply for a loan online from a bunch of strangers who've signed up as private lenders.

But that's *traditional* fintech. These companies have nothing to do with the crypto economy or blockchain.

One blockchain-based development I'm following in the fintech space is what Teeka and I call "crypto finance."

This is a new frontier for the financial industry. Unlike traditional fintech apps, crypto finance apps are developed on open, decentralized networks – or blockchains.

The goal is to build a new financial system based on blockchain and crypto that improves on what we have today.

Chris: What are the advantages of crypto finance over the traditional financial system?

Greg: First, it's what folks in the crypto world call "permissionless." Crypto finance provides services to anyone, anywhere in the world, with an internet connection. This leads to inclusion. Wealth, status, and location don't determine access.

Also, anyone can work on a protocol or develop applications around a crypto finance project. Again, it's not limited by where you live or where you went to college. This allows for innovations limited only by our imagination.

Crypto finance is also decentralized. This is key. Blockchains store records across thousands of computers around the world instead of on one server.

So you don't need a middleman to ensure a valid transaction. It's all done across the network by consensus.

Crypto finance is also transparent. All transactions on the blockchain are publicly auditable.

And it's censorship-resistant. Because it's decentralized and uses advanced cryptography, nobody can tamper with records once they're verified on a blockchain.

Chris: Can you give me a simple example of how crypto finance works?

Greg: Sure. In 2019, crypto finance pioneer BlockFi launched the world's first cryptocurrency-based savings account.

It's called the BlockFi Interest Account. And it allows you to deposit bitcoin (BTC) or ether (ETH) at BlockFi and earn up to 6% annual interest. The account pays you this every month in cryptocurrency.

[Ethereum is the second-largest crypto project by market capitalization, behind bitcoin. It is a decentralized blockchain that runs smart contracts. These are pieces of code that automatically execute, control, or document legally relevant events according to the terms of a contract. Ether is the cryptocurrency of the Ethereum blockchain. It's how you pay to execute a smart contract.]

Crypto investors took full advantage. Two weeks after its debut, BlockFi said it had attracted more than \$35 million in crypto. And today, it has more than \$650 million in deposits.

Chris: What other crypto finance innovations are you tracking for your readers?

Greg: Stablecoins are another example. These are cryptocurrencies that are fixed to the value of government-issued fiat currencies – such as the U.S. dollar.

As anyone who invests in bitcoin and other cryptocurrencies will know, they're highly volatile. Their exchange value swings around a lot. Stablecoins give you more stability because the currencies they're fixed to are more stable.

Stablecoins also allow you to keep your funds in crypto, rather than convert them back into U.S. dollars, euro, or whatever. So when you sell your bitcoin, you can convert it into a dollar-backed stablecoin instead of U.S. dollars. This means you're able to easily swap your funds back to bitcoin whenever you want to.

But the area of crypto finance I'm most excited about right now is what's called "yield farming." This allows you to earn income on your crypto.

Chris: This is something I'm also fascinated by. In a world of either ultra-low or negative interest rates, you can actually pick up income on the crypto you own. Why is it called yield farming?

Greg: For a real-life farmer, yield is the amount of crop you grow on a unit of land. For a crypto yield farmer, yield is the amount of interest and rewards you generate on your cryptocurrency.

Basically, you're using your bitcoin or other cryptos to earn interest rates many times higher than traditional savings accounts, bonds, and even most dividend-paying stocks.

And you're not doing it via a crypto savings account, like with BlockFi.

Chris: So how are you picking up income?

Greg: Many crypto projects pay out rewards. It's similar to the way a stock pays a dividend. So at *Crypto Income* – the crypto finance advisory Teeka and I set up – we don't just look for cryptos that will appreciate in price, we also find cryptos that pay rewards. These rewards are the same as picking up crypto income.

As interest rates reach record lows and many companies cut their dividends, Teeka and I have given our subscribers the chance to earn an average yield of 10% in crypto. That's 478% higher than the dividend yield on the S&P 500.

Plus, we've found several ways to earn up to 8%. That's more than you can earn on your bitcoin and Ethereum in a BlockFi savings account. And it's 1,140% higher than the yield on the 10-year Treasury note right now.

And remember, these rewards are paid in crypto. That's different from stock dividends, which are paid in dollars. So your rewards appreciate in price at the same rate as the cryptos they're paid in.

Chris: Can you give me an example of what you mean?

Greg: Sure. One of the cryptos we have in the *Crypto Income* model portfolio had a reward rate of 5.6% a year when we first recommended it.

But since then, the price of that crypto has surged. So has the value of the rewards we earn from it. Today, we're logging an effective reward rate of 35%. At this rate, investors will recoup their initial stake *in three years – just from the crypto rewards*.

You won't find this caliber of yield anywhere else in the world.

Chris here – *With bitcoin's meteoric rise in 2020 and beyond, you might be thinking you've missed the boat. But nothing could be further from the truth. Our team of analysts at Legacy Research insists that the most eye-popping returns in cryptos are still in the future.*

That's why, in the closing extract of this special report, we turn again to Teeka Tiwari. Below, Teeka shows why digital currencies are about to go mainstream... why you still have time to get ahead of the curve... and why taking your first steps in crypto investing is easier than you might think...

It's Not Too Late to Make Life-Changing Gains in Crypto

Q&A With Teeka Tiwari, Palm Beach Research Group

Published in *Legacy Inner Circle* November 6, 2020



Teeka Tiwari
Palm Beach
Research Group

Chris Lowe: What do you say to people who say, “I’m just not comfortable getting into crypto. I don’t know how to do it. I’m not tech-savvy”?

A lot of people miss out on these gains because they just feel like it’s some wacky digital world they don’t want to get involved in.

Teeka Tiwari: Okay. I’m going to drop some real hard truths right now. If you don’t climb the educational curve to get involved in these assets, you will be left behind forever. Forever.

The stakes have never been higher. I will tell you that right now.

Now, people like me can help make it a little easier. I created something called *Crypto Corner*. I've taught grandmothers how to buy cryptocurrency.

It's not that hard. You sit through a couple of five-minute videos... you learn how to do it... you link your account. It's actually a lot easier than a brokerage account.

But saying, "This is too difficult. I don't want to do this," what you're really saying is, "I don't want to change my life. I want to stay left behind."

Because unless you embrace this digital era that we are in, you will get left behind. We are in the middle of a transition unlike anything we have seen since we went from a farming economy to an industrial economy.

Saying that you don't want to learn how to buy cryptocurrency is like looking at cars and saying, "Oh, those new-fangled things will never go anywhere. I'm going to buy stock in the buggy whip manufacturer because I understand that business."

Unless we move beyond what we understand, we can never create a different life for ourselves. I understand that's emotionally difficult. I get it. It's emotionally hard. But unless you can make that leap, nothing will change.

That's a hard truth. You've got to think about that. What do you want? Do you want to bridge that gap between where you are and where you want to be?

Chris: What you're saying is true. We do have to adopt these new technologies. If we don't, it's going to happen anyway.

I've been writing about Central Bank Digital Currencies. These things are coming. Whether you adopt crypto or not, you're going to end up using these digital currencies.

It could even be educational to get involved, because it's going to happen to you anyway. It's not a choice, the way I see it.

Teeka: You're absolutely right. It's the same with cellphones. I remember people saying, "Oh, I don't need one of these things. This is ridiculous." Now, everyone has one, right?

So you can either be forced into adoption when the central bank says, "Okay, we're taking over the administration of all government funds into digital wallets."

Or you can be ahead of that curve.

Because once we reach that place, things like bitcoin and Ethereum will be significantly higher. That's because they'll be the only alternatives to digital-issued fiat currencies.

And that will make them even more valuable.

I know there's a fear out there about what happens when the Federal Reserve starts issuing digital dollars. I can't wait for that day. Because it's going to get millions more people used to using digital wallets.

And it's going to make bitcoin that much more valuable – because it's a refuge against reckless money-printing.

Chris: Right now, crypto is still not as integrated as it will be. But that just tells us we're at the beginning of something.

Take the internet analogy. You were on Wall Street in those days. One of the big questions that [Amazon founder] Jeff Bezos got when he was trying to raise money for Amazon was "What is the internet?"

I guess one thing for folks who are watching this to think about is that this is a little bit early on... and that's actually a good thing. Because if it wasn't, the gains wouldn't be still ahead. They'd be behind us.

Teeka: Right. Next year, I believe we will see the biggest bull market in crypto that we have seen since 2017. If you are not positioned now, it'll be just like the American stock market in 2020.

Things will boom so much next year, you'll be like, "Oh, my goodness. It's passed me by."

Bitcoin, which right now is trading at \$13,000, will break a new high, in my opinion, probably early next year.

It could go as high as \$40,000 to \$60,000 as this bull market takes off.

Today, you might think, "Oh, \$13,000. It was \$4,000 in March. How can I buy it?"

I saw people do the same exact thing with Microsoft in the 1990s. I was guilty of it. I remember Microsoft had a \$50 billion market cap in 1995, and I was thinking, "How much higher can this possibly go?" Then, by the end of the decade, it was worth \$614 billion.

So even if crypto isn't for you, even if you think it's a bunch of nonsense, I urge you to move out of your comfort zone.

To contact Customer Service, call toll free Domestic/International: 1-888-413-5232, Mon–Fri, 9am–5pm ET, or email memberservices@legacyresearch.com.

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