

Investing on the DeFiMetaChain



Exploiting opportunities and recognizing risks

What is the aim of this presentation and what problems does it address for (potential) investors?

Problem description I.

Investors want to achieve a sustainable return on their capital. Investing in crypto assets such as Bitcoin (BTC) and Ethereum (ETH) in particular, but also more speculative coins such as DeFiChain (DFI), is generally intended to generate excess returns.

They want to achieve a wide variety of financial goals. This often involves improving their quality of life by increasing their purchasing power. Generating additional cash flow, e.g. as additional income, or goals such as financial freedom, security, inflation protection and others.

What is the aim of this presentation and what problems does it address for (potential) investors?

Problem description II.

However, many crypto investors often find it difficult to recognize the right opportunities and generate secure profits from them. There are various pitfalls that can lead to losses, particularly in the DeFi sector, such as impermanent loss in liquidity mining, etc.

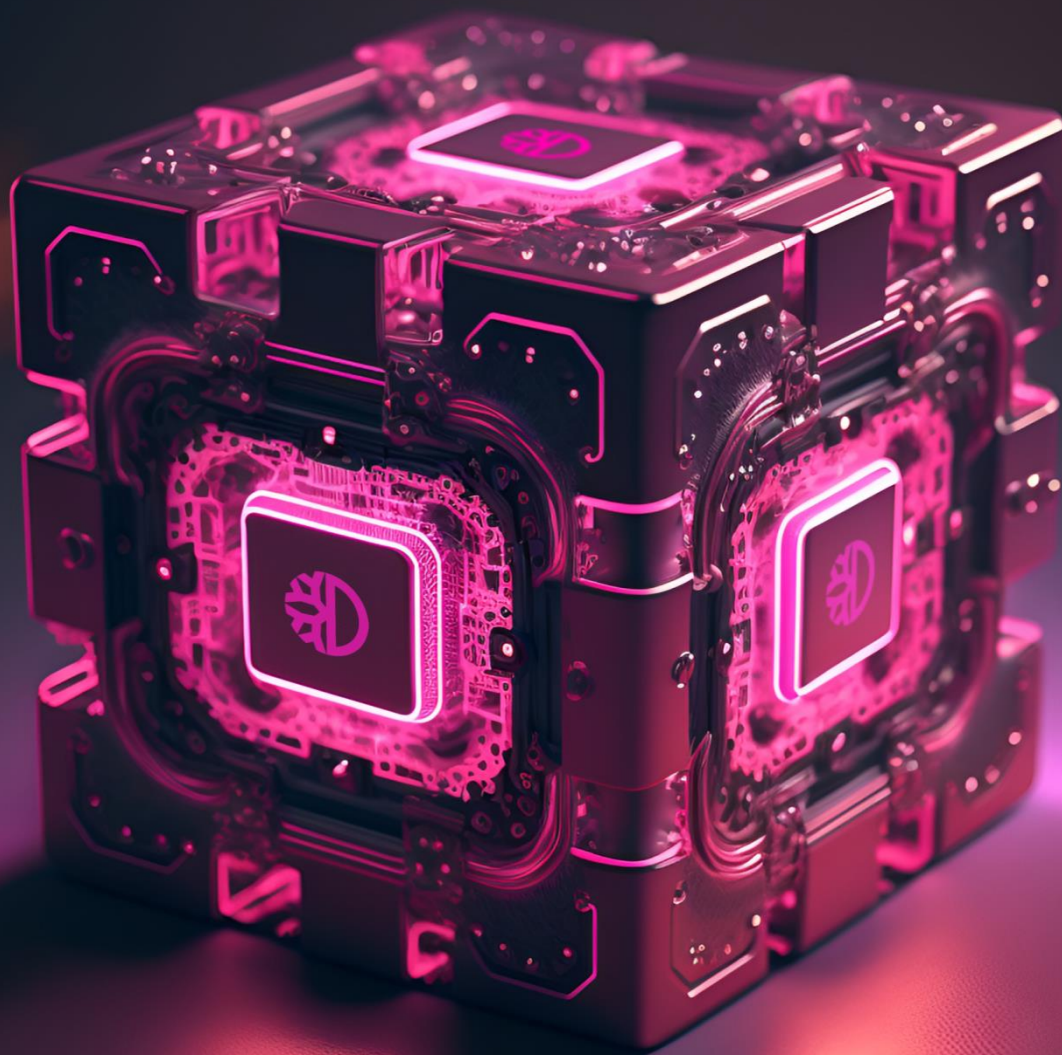
With the launch of DeFiMetaChain (DMC) and its EVM (Ethereum Virtual Machine), DeFiChain investors now have a variety of new opportunities through participation in the new projects, but also new risks for losses such as fraud in the form of rug pulls and others.

What is the aim of this presentation and what problems does it address for (potential) investors?

Solution

This presentation is intended to provide a brief overview of the investment opportunities in projects on the DeFiMetaChain, but also to draw attention to the risks and dangers involved. It will also clarify whether such investments can make sense in principle.

In addition, some valuable tips are given for a successful strategy and its implementation!



Investment opportunities in projects on the DeFiMetaChain

1. Can investments in DMC projects generally make sense?

In our view, investments in individual projects on the DMC can be quite attractive as part of a well thought-out strategy and taking into account sensible risk management. Smaller projects with low market capitalization in particular can have immense growth and profit potential.

This general fact is not specific to DiFiChain but applies to any investment.

Investment opportunities in projects on the DeFiMetaChain

2. What can a strategy with appropriate risk management look like?

A good strategy includes clarifying the overarching questions of "Why?" and "What?" Followed by the questions of how?

Example: Why do I want to have 1 million euros?

I want to have this money to feel secure and use it to finance part of my retirement.

What will that change in my life?

My existential fears about old age will disappear and I will go through life with fewer worries.



Investment opportunities in projects on the DeFiMetaChain

2. What can a strategy with appropriate risk management look like?

How do I achieve these goals? I devise a strategy, possibly with the help of a third party, as shown here in simplified form:

At the beginning, for example, I have €10,000 of risk capital for crypto investments. They represent about 10% of my risk capital in my diversified investment portfolio of stocks, bonds, commodities, precious metals, real estate, etc.

Of this €10,000, I invest 75% in BTC and ETH. I use the remaining 25% for more speculative altcoins such as DMC tokens and similar investments.

I rebalance the crypto part with the other asset classes in my portfolio at certain intervals. Entry points and possible exit points are clearly defined in advance.

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- a. Security I: The main risk with DMC projects (as with any other Ethereum/EVM project) is the so-called smart contract risk. This is the risk that funds (deposits) can be stolen by third parties through hacks or exploits due to errors in the code.

Avoidance: Rely on proven protocols or their forks. Overviews of this can be found at <https://www.defisafety.com/app> with a security assessment and at <https://defillama.com/forks/>. No DMC projects to date. Check the code yourself if you have the relevant expertise. Ask others who can check the code. Pay attention to audits and bug bounty programs.

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- a. Security II: Scams, rug pulls, ponzis etc. can take different forms. This is simply fraud in different variations.

Avoidance: If possible, find out about the team behind the project. Check people. Check other projects of the team. Ask how income is generated and check whether this information is credible. Pay attention to partnerships. Check social media such as X, Telegram, LinkedIn, YouTube, etc.

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- b. Liquidity I: If project tokens are to be purchased outside of a private sale / OTC, it is essential to ensure that the decentralized exchange (DEX) or the pool used for the exchange has sufficient liquidity. Otherwise, the pool shift will result in a loss, the so-called price impact.

Example: Pool size 100,000 USD.

Exchange 150 USD; loss 0.32% = 0.48 USD

Exchange 1,500 USD; loss 3.08% = 46.2 USD

Exchange USD 15,000; loss 24.08% = USD 3,612

Exchange 150,000 USD; loss 75.89% = 113,835 USD

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- b. Liquidity II: If the token can be traded on a central exchange (CEX), liquidity must also be taken into account here. In particular, the daily trading volume and the order book depth provide information on the volume of the token that can be traded there. Depending on the exchange and asset, the spreads (bid-ask spread) must also be taken into account.

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- c. Potential I: The question arises as to the potential of the token to achieve a high valuation. This will be difficult to answer, especially for new projects, as it is almost impossible to draw on historical data. However, other indicators can be used for this purpose. Comparisons with the same or very similar projects on other blockchains are suitable. The start-up phase in particular should be considered here. Overviews can be found at <https://defillama.com/>, <https://coinmarketcap.com/>, <https://tokenterminal.com/>

Investment opportunities in projects on the DeFiMetaChain

3. Which projects can it make sense to invest in at the DMC?

Basically, the project I want to invest in should fulfill the following criteria:

- c. Potential II: Factors such as the use of the protocol, i.e. the potential use cases (LM, staking, governance, revenue share, privacy, store of value, etc.) and the extent to which these are used, the team, the partnerships and investors, the marketing, the brand and the prevailing sentiment can also be included in the assessment. Special attention should be paid to tokenomics. In other words, which supply and demand characteristics a token has. These can usually be viewed in the projects themselves, but are also (sometimes) presented on overview pages.

Investment opportunities in projects on the DeFiMetaChain

4. Conclusion

Can investments in projects on the DMC make sense from an investor's perspective?

→ Absolutely! Because some projects and tokens offer great potential returns. Early entries in particular can be very lucrative!

→ BUT: There can be a high risk of loss due to the lack of a suitable strategy with appropriate risk management! As well as other risks such as smart contract risks, insufficient information and transparency, fraudulent intentions, lack of liquidity, no/hardly any historical data, unclear use case and possibly poor tokenomics/token design. Good research is therefore of fundamental importance.

Thank you very much for your attention!

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