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CRYPTOCURRENCY 101
DIGITAL ASSET INVESTOR GUIDE

PREPARED BY SARSON FUNDS, INC

GETTING TO KNOW CRYPTOCURRENCIES

BACKGROUND BEHIND DIGITAL ASSETS

A cryptocurrency is a digital or virtual currency used to store or transfer value.

Cryptocurrencies are so named because they use “cryptography,” algorithmically encrypted transmissions, to secure and verify transactions as well as to control the creation of new coins.

Essentially, cryptocurrencies are limited entries in a database that no one can change unless specific conditions are fulfilled.

Cryptocurrency and digital assets are here. Many investors have questions about this exciting new asset class.

Sarson Funds is pleased to provide this introductory digital asset guide.

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YOUR CRYPTOCURRENCY FINANCIAL ADVISOR

INVESTMENT PRODUCTS • CRYPTO EDUCATION • CONSULTING

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WHAT IS CRYPTOCURRENCY?

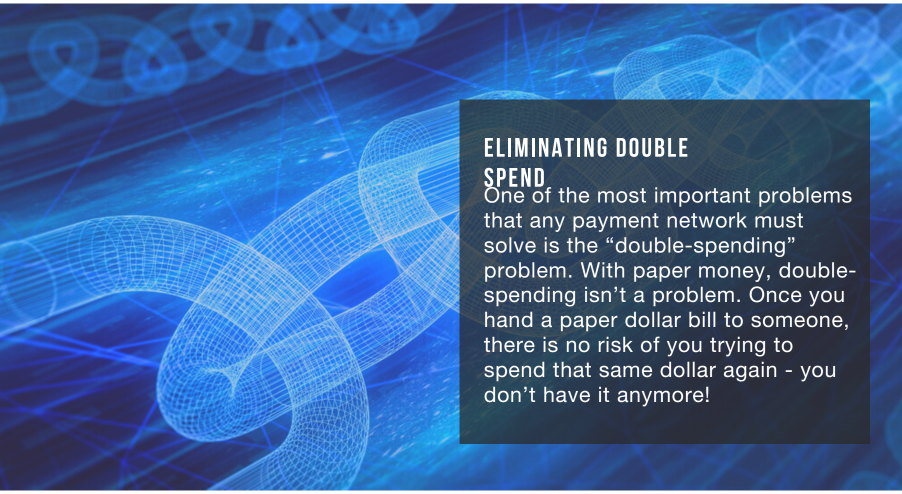
Throughout the 1990's technology boom, there were many attempts at creating a viable digital currency. Some systems such as PayPal still survive today while most others such as DigiCash, Flooz and Beenz ultimately failed and ceased to exist. There were many different reasons for their failures, such as fraud, financial problems and even frictions between companies' employees and their bosses.

Notably, all of those systems utilized a "Trusted Third Party" approach, meaning that the companies behind the currencies verified and facilitated all transactions. Due to the failures of these companies, the creation of a digital cash system was seen as a lost cause for a long while.

Then, in early 2009, an anonymous programmer or a group of programmers under the alias Satoshi Nakamoto introduced Bitcoin. Bitcoin was the first "cryptocurrency", so named because it didn't rely on a third party but instead used "cryptography" to secure and verify transactions as well as to control the creation of new coins.

Bitcoin introduced the first widespread application of a computer-based consensus network wherein all network participants contributed to the validation of each transaction.

Satoshi described it as a 'peer-to-peer electronic cash system.' It is completely decentralized, meaning there are no servers involved and no central controlling authority.



ELIMINATING DOUBLE SPEND

One of the most important problems that any payment network must solve is the “double-spending” problem. With paper money, double-spending isn’t a problem. Once you hand a paper dollar bill to someone, there is no risk of you trying to spend that same dollar again - you don’t have it anymore!

BLOCKCHAIN TECHNOLOGY

Blockchain technology eliminates digital assets' need for a central controlling authority.

When you send an ACH payment or mail someone a check, a trusted third party – Chase Bank, UBS, Wells Fargo, etc – keeps a record of your balance and reduces your account value by the transaction amount, ensuring that you don’t spend the same money twice or spend more than you have.

In the current system, “trusted” banks are in control of your funds and have all your personal details on hand.

In a decentralized network like Bitcoin, all account balances and transactions are recorded via a “Blockchain.”

A Blockchain is a public ledger that records all of the transactions that have happened within the network, making the information available to everyone.

Every transaction is a new entry on the Blockchain’s public ledger. The entry consists of the sender’s and recipient’s “public keys” (wallet addresses) and the amount of coins transferred.

The transaction needs to be validated by the sender providing their “private key” (password) and then confirmed by the entire network as to its validity.

Once the transaction is confirmed by the network as valid, the transaction becomes “immutable” (permanent) and that block is added to the blockchain’s ledger.

COMMON CRYPTOCURRENCIES

BITCOIN
BTC

THE FIRST & LARGEST CRYPTOCURRENCY, BITCOIN WAS LAUNCHED IN 2009. BTC'S GLOBAL PROOF OF WORK CONSENSUS NETWORK, WHICH IS POWERED BY ITS USERS, REQUIRES NO CENTRAL AUTHORITY TO OPERATE.

ETHEREUM
ETH

A CRYPTOCURRENCY & A SMART CONTRACT PLATFORM SUPPORTING DECENTRALIZED APPLICATIONS (DAPPS) THROUGH A SCRIPTING LANGUAGE DIFFERENT FROM BITCOIN'S; ETHEREUM BOASTS ROBUST PLATFORM CAPABILITIES & DEEP POCKETED SUPPORT FROM THE ENTERPRISE ETHEREUM ALLIANCE.

POLYGON
MATIC

ORIGINALLY CALLED MATIC, POLYGON USES SIDECHAINS TO HELP WITH OFF-CHAIN COMPUTATIONS. MATIC IS A LAYER 2 SCALING SOLUTION THAT IS GEARED TO PROVIDE TOOLS IN LAYER 1'S TO IMPROVE TRANSACTIONAL SPEED AND COST.

POLKADOT
DOT

A SOLUTION TO THE BLOCKCHAIN TRILEMMA, POLKADOT ENABLES INTEROPERABILITY BETWEEN BLOCKCHAINS TO CREATE A MORE INTERACTIVE AND INCLUSIVE CRYPTO UNIVERSE. DOT AIMS TO BUILD A COMPLETELY DECENTRALIZED AND PRIVATE WEB GOVERNED BY ITS USERS.

BITCOIN CASH
BCH

A FORK OF BITCOIN THAT IS SUPPORTED BY BITMAIN, THE BIGGEST BITCOIN MINING COMPANY, AND A MANUFACTURER OF ASICS BITCOIN MINING CHIPS. ALL BITCOIN HOLDERS WERE GIVEN BITCOIN CASH FOR FREE DURING THE SPLIT.

SOLANA
SOL

SOLANA IS A PLATFORM THAT PROVIDES A FOUNDATION FOR DAPPS IN COMPETITION WITH TO OTHER LAYER 1'S LIKE ETHEREUM AND CARDANO. SOLANA'S DESIGN OFFERS A FASTER TRANSACTION SETTLEMENT AND ONBOARDING FOR NEW USERS.

CHAINLINK
LINK

CHAINLINK IS THE INFRASTRUCTURE ADMINISTRATOR OF BLOCKCHAIN THROUGH ITS NATIVE TOKEN, LINK. THIS PROJECT PROVIDES RELIABLE, REAL-WORLD DATA AND PRICING INFORMATION TO SMART CONTRACTS RUNNING ON TOP OF BLOCKCHAIN.

CARDANO
ADA

CONSIDERED A “SECOND-GENERATION” SMART CONTRACT DECENTRALIZED OPERATING SYSTEM, CARDANO USES A DEMOCRATIC GOVERNANCE SYSTEM THAT ALLOWS THE PROJECT TO EVOLVE OVER TIME AND SUSTAINABLY FUND ITSELF.

DIGITAL ASSET EDUCATION FOR FINANCIAL ADVISORS

Our cryptocurrency certification program helps Financial Advisors answer client questions on a digital asset portfolio allocation.

EARN YOUR CRYPTOCURRENCY ADVISOR NFT CERTIFICATE

- BLOCKCHAIN BASICS
- RISK MANAGEMENT
- DIGITAL ASSET INVESTING
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