



collectiveshift



The Ultimate Crypto Checklist

Collective Shift Members Exclusive

Created for premium members, this checklist breaks down key areas to consider when evaluating a cryptocurrency project. A particularly handy list to keep nearby during your research!

Please note: All information contained in this document is not to be considered financial advice of any kind, and you should obtain independent legal, financial, taxation and/or other professional advice in respect of any decision. Any information provided is generic in nature and does not take into account your specific circumstances. It is always recommended that you do your own research.

The Ultimate Crypto Checklist

Regardless of how much you know about investing in stocks or property, the world of cryptocurrencies is something else entirely. That's why we've leveraged our Research Team's expertise to create this checklist to help guide your research into potential cryptocurrency investments.

The checklist we've created, focuses on 3 main areas:

1. **Fundamental approach** — highlights the various steps you should be strongly considering as part of your research into a particular cryptocurrency.
2. **Technical Analysis** — is more suited to traders, but can still be useful information for investors to know. A handy byproduct of this section is the fact that it more or less translates to other asset classes.
3. **Sentiment Analysis** — includes several tips and suggestions that many crypto investors tend to overlook. With the asset class lacking in legitimate valuation methodologies, there is a heavy weight placed on sentiment. And so it's certainly worth learning about some ways to gauge it.

Know that there's no "right" way to use this checklist. You can hone in on one section to complement your own research, or you can work your way through the entire list at your leisure. As long as you appreciate the need to do your due diligence before investing in cryptocurrencies. This checklist helps you do that.

Now, let's get cracking!

Project

If you're looking to invest in a cryptocurrency, you should definitely know what the project—to which that cryptocurrency belongs—actually is. The project's website is a great starting point, as is its whitepaper (more on this below). Try to look past buzzwords like 'decentralised' and 'scalable'.



Industry

What is the real-world industry that the project is looking to disrupt? Knowing the answer to this question will tell you how much potential value could flow to the cryptocurrency if the project's solution does eventually prove to be superior to that which is currently offered by that industry's leaders.



Team

In crypto, it's common for founding teams to stem from the same company, startup or college. Because so many projects are under development at the time of investing in the underlying cryptocurrency, it's critical that you spend time researching the founders' professional and educational track record.



Whitepaper

A document detailing everything you need to know about the project—from its technical components to its tokenomics. If you get to the end of a whitepaper and have more questions than you did at the beginning, then your degree of skepticism should be heightened!



Funding

Take time to find out if the company behind a given cryptocurrency has previously raised venture capital. If they have, knowing which funds and angel investors have backed the company can tell you a lot about how promising the company's solution really is.



Backing

It is not uncommon to see projects receive non-equity grants through accelerator programmes administered by government-backed entities or the innovation arm of tech companies. If a project has received such funding, you should take that as a signal to look further into the solution—and its attached cryptocurrency—they are building.



Fundamental Approach

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Blockchain (Use Case)

Understand why the use of blockchain technology is inherent to the project's very existence. That is to say, why has the team chosen to build its solution on top of a blockchain? This should be clearly articulated in the whitepaper and, ideally, expanded upon in at least one blog post.

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Token

It's vital to know the function of the cryptocurrency you're thinking about investing in. The way cryptocurrencies capture value varies tremendously. For example, work tokens (e.g. LPT) are fundamentally different to utility tokens (e.g. BAT), which are fundamentally different to cryptocurrencies (e.g. BTC).

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Research

Fortunately for investors, the crypto space has evolved significantly in research years. One component of this evolution has been in the form of publicly available research. It is highly likely the cryptocurrency you are considering investing in has been scrutinised by independent analysts—a quick Google or YouTube search will tell you if it has!

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Progress

If the project has existed for a fair amount of time already, it is worthwhile looking over their roadmap and past blog posts in order to determine if they have realised milestones on time. In instances where deadlines have had to be postponed—which can happen for various reasons—seeing how the team communicated this (if at all!) will tell you plenty about the nature of the team who is ultimately responsible for the value of the cryptocurrency underlying their solution.

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Upcoming Dates

For traders and investors alike, knowing what is coming down the pipeline for projects can prove to be a highly valuable exercise. Typically, price will become more volatile leading up to a key date (e.g. a mainnet release or major version upgrade).

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Price

Represents a given cryptocurrency's most recent trading price. Prices are commonly denominated in U.S. dollars, the local currency of the user and BTC. If you are using a market data aggregation website (e.g. CoinGecko), the price you see is an average of the price offered by each exchange that supports trading of the given cryptocurrency.



Volume

Is the amount of a cryptocurrency—typically denominated in dollars—that was traded during a given period of time, be it on an individual exchange or across all exchanges upon which the cryptocurrency is listed. The legitimacy of reported cryptocurrency trade volume is highly suspect. Initiatives aimed at tracking genuine trade volume data—such as Bitwise's Bitcoin Trade Volume—are ongoing.



Liquidity

Directly related to volume is liquidity. Particularly for traders, it's crucial to know ahead of time where the most liquid venue to trade a given cryptocurrency is. If you execute a large sell order on an illiquid market, for example, it is likely a portion of your order will be fulfilled below the price you inputted.



Exchanges

The amount of—and perhaps more importantly, the quality of—exchanges that have listed a given cryptocurrency can tell you plenty about the legitimacy of the associated project. You can find out which exchanges are listing a given cryptocurrency by visiting any quality market data aggregation websites.



Relative Strength Index (RSI)

A momentum indicator designed for determining if a cryptocurrency is overbought or oversold. The RSI's formula returns a value of 0–100. Generally, values above 85 and below 15 are considered overbought and oversold, respectively.



Moving Averages (MAs)

A constantly updating average price calculated by taking the mean of a given number of data points—usually 50, 100, or 200—and plotting it on a chart. Useful for tracking the direction and strength of a trend.



Moving Average Convergence Divergence (MACD)

A so-called 'trend following' indicator you can use to identify new trends in a market for a given cryptocurrency, and confirm if it is bearish or bullish. Buy and sell signals are depicted by the crossing of 2 lines.

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Bollinger Bands (BBs)

Often described as an oscillator measurer, BBs help you determine whether prices are high or low on a relative basis. BBs comprise 3 lines: an upper band, a lower band, and an MA.

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Candles

Candlestick charts are the most popular chart type in the crypto space. Each candlestick gives you information on the opening, high, low, and closing price of a given cryptocurrency in relation to a specific timeframe.

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Time Cycles

A tool that helps you identify patterns in price action as it relates to a given time period. Particularly useful for PoW-based cryptocurrencies (e.g. BTC, LTC, BCH), which have a fixed block reward halving schedule.

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Metrics

How does the project fair on **Google Trends**? How many followers does it have on various social media platforms such as Twitter, Reddit and Telegram? And, more importantly, how engaged are these followers and the account admins?

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Community Sentiment

Taking time to gauge the level of sentiment—be it from the broader crypto community or a project-specific community—surrounding a certain project and its underlying cryptocurrency can often help significantly. Good ways to do this: [i] use the search bar on Twitter; [ii] visit the project's Telegram and/or Discord channel(s).

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Who Is Using This Project's Solution?

Asking this question can be an effective way for long-term investors to spot hidden gems that are known and used by a specific user type. Livepeer (LPT) and Numerai (NMR) are 2 great examples of this. Both are laser focussed on a niche user type. If their respective solutions prove value-adding, they have every chance to attract an influx of users in a short amount of time—all while keeping out of the headlines.

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Who Is The Typical Investor?

It can be worthwhile taking some time to try and gauge the typical investor profile of a given cryptocurrency. Of course, this involves some extrapolation. But knowing whether a particular cryptocurrency is popular with retail or institutional investors, for example, can give you insight into the expected price action of said cryptocurrency—something that's especially valuable to traders.

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