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The Case Against Being a Bitcoin Maxi—and 3 Things To Know About Smart Investing and Exit Strategies

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Bitcoin isn't the only cryptocurrency in town. And investing in it isn't the only way to make money in this space.

These may sound like fight-worthy words to people who only believe in Bitcoin. And it's understandable in some ways. Bitcoin, launched in 2009, has continued to be the number one cryptocurrency by market cap (which we calculate by multiplying its price times the circulating supply). And as the first cryptocurrency, it's been number one for years.

But just because something is number 1 doesn't mean it's the only option. For instance, bottled water was the number 1 most consumed drink in America, [confirms a November 2020 report by Statista](#). But that doesn't mean that carbonated drinks, coffee, and beer or cider (which ranked at numbers 2, 3, and 4, respectfully) don't also deserve attention.

Today, as the global cryptocurrency market continues to grow (as I write, the market was valued at more than \$1.4 trillion) other cryptocurrencies have utility and can be worth our time as well. So while it's our decision to decide how to invest—and what to believe in—I think it's worth being a bit open-minded in this space. Including when we're discussing cryptocurrency with people who are learning or new to the market.

To unpack this a bit, I talked with Curtis Kobane, who has educated tens of thousands of people in this space while also acting as a trader and mindset coach. (He's also a friend.) He notes

being a Bitcoin maxi can be “problematic” in some ways. “I get the fact that the technology of bitcoin is awesome,” he says but notes we can do ourselves a disservice if we only focus on *one* cryptocurrency in this growing market. Being a Bitcoin maxi, he says, is like going to a new restaurant on a block, falling in love with the food, and then saying everything else on the block is garbage—without even trying it. “As humans you [can] get tribalistic about things,” he adds, calling this a “stifling way of thinking.”

In this market of thousands of cryptocurrencies, we need to be careful of what we invest in, particularly since many cryptocurrencies are scams or won’t survive. And crashes do happen—pretty drastically in the last cycle. But while Bitcoin has trended up over the years, it is also volatile, going from all time highs of nearly \$20,000 in 2017 before falling to around \$3,000 per coin in 2018.

Since there are so many alt coins, including Ethereum (which some argue isn’t an alt coin at all) it can take more time to learn which may be worth our time. But if we can do this, and navigate the risks, there can be growth opportunities to explore in Bitcoin and in alt coins.

3 Ways To Be Vigilant

If you decide to be open to alt coins, there are key ways to help protect yourself and your investments.

Don’t make emotional decisions. First understand that no one can predict the market—no matter what they say. And you shouldn’t invest capital you need, as there are no guarantees. Knowing this, if you get into a position, do so based on facts. Not based on a feeling of “euphoria,” which is a noted part of market psychology. And not because you fear you may miss out (also called “FOMO-ing in”), as this kind of emotional decision may not be ideal for your short and long term goals. Instead, look at things like a currency’s utility, technology, team, and historic performance. And make your decisions with these facts (and more) in mind, alongside your personal goals.

Have an exit strategy. This is major. And if anyone understands the importance of this, it’s traders. Cue Kobane. “When the market is running, we get into the exuberance stage, the over-the-top euphoria stage,” Kobane explains. “Being mindful of where you are emotionally and where others are emotionally is a huge deal with exit strategy. If you’re looking [at the market] saying oh my gosh it’s awesome, I never thought it would do this [kind of increase], it’s time,” he says. Also be willing to look at indicators like the 21-day moving average to understand market trends, he says, which can help you determine when it may be time to start taking profit.

Kobane also notes to look at whether pullbacks are happening in addition to looking at news about specific digital assets. And with institutions firmly in this space, he notes that they can take profit, and this can in turn affect pricing for retail investors (AKA: us). So if your investing goals are to take some profit at a certain point—perhaps to buy a house, to put into a stablecoin until the next bull run, or to roll over into Bitcoin—all valid strategies, by the way) be willing to reconsider your positions in alt coins when you notice certain trends.

Engage with a smart community. So important. And ideally you’re part of a community where there is some diversity of intelligent thought. Because only hearing one point of view can be problematic, on any topic, and can create what’s called an “echo chamber,” where your beliefs are reinforced by repetition and not subject to rebuttal.

Your community may include people you know in real life or educated people you “e-meet” or follow on social media. The key is that these should be people who operate based on facts and people who are open to growth. “Be careful of who you listen to on social media,” Kobane adds, noting that some people “just want their bags pumped” (which means, some people may say things to try to benefit their own financial positions instead of helping you).

Remember, it’s totally your decision to invest as you please. But being exposed to new ideas can help us to grow. “Having a community goes a long way into your exit strategy,” adds Kobane, noting that if you’re the only one holding an asset, and most people around you have sold at least a bit, you may want to look at whether it’s worth selling as well.

These days, if we can be open to the market’s new technology, be willing to do our own research and understand market cycles, and be open to having intelligent discussions and debate, we can navigate this changing space. Because, while there are certainly real risks with Bitcoin and alt coins...there are real benefits, too. [end]

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