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The Upside Potential of Bitcoin... Without the Risk!

Bitcoin has taken the world by storm. It's made some people rich, and left others licking their wounds. What *is* bitcoin? How do you use it? How do you trade it? Is now the time to buy-and-hold? To learn the answers to these questions, check out the report below...

WHAT IS BITCOIN?

Let's begin with the basics:

What the heck is bitcoin, and how does it work?

Simply put, bitcoin is a currency, like dollars or euros.

But you can't hold it in your hands. It only exists digitally.

Bitcoins are stored on the Internet as computer code. You can access your holdings from your computer, or from an internet-enabled device like a mobile phone.

You can buy it online, at an online bitcoin exchange.

And you can *spend* it online. Overstock.com, for example, begin accepting it last years. Perhaps surprisingly, the IRS accepts it too.

But using it as a currency isn't the thing that's made bitcoin so popular lately…

AT A GLANCE:

Syndicate Name:
500 FinTech + Bitcoin Syndicate

Raising: Unlimited
Currently Raised: $105k
Investment Minimum:$5,000

Description:

500 Startups has been working with and investing in financial services companies for over a decade. The team has both operational and investment experience in companies such as PayPal, Google, Mint.com, Credit Karma, ReadyForZero, and many others. They have also invested in several Bbitcoin-related startups. Now they're allowing regular investors to invest alongside them in new bitcoin opportunities.

Highlights:

- Entering fast-growing bitcoin market
- Experienced investors with proven track record in the space
- Mitigated risk profile through diversification

Core Investment Thesis:

- Bitcoin is here to stay and will eventually become a permanent part of the online payment eco-system
- Short-term volatility makes adoption cumbersome
- By investing in bitcoin-related infrastructure startups, investors have the opportunity to bet on bitcoin's long-term growth prospects while decreasing short-term volatility risk

THE BITCOIN BUZZ

It seems like you can't pick up a newspaper or browse a website nowadays without stumbling across an article about bitcoin.

Why is this?

Because its value rose by more than 99,900% in just three years!

If you'd owned bitcoin in January of 2011 and rode it all the way up to its peak of $1,000 in 2014, you would have earned 990x on your money.

To put that in perspective, for every $1,000 in bitcoin you bought, you could have walked away with $1 million.

And even if you weren't quite that lucky, there were still plenty of opportunities for profits.

For example, if you'd bought bitcoin at the beginning of 2013, when it was $13 per share, and held it until April, when it was $266 per share, you would have made 1,946% on your money.

Or more recently, if you'd purchased it at $340 this past April, as of today, you'd be sitting on a 73% profit.

Numbers like these get investors – and reporters – excited.

And while a few smart (lucky?) souls have used it to create tremendous profits, the ride up certainly hasn't been a smooth one.

WHAT GOES UP...

As stunning as bitcoin's "rises" have been, its "falls" have been equally as dramatic.

For example, after it peaked in January 2014 at $1,000, it fell to $550 in February.

In less than 30 days, investors saw nearly half their portfolio wiped out.

And by April, it was down to $340.

This volatility is a hallmark of bitcoin.

For instance, on 16 different occasions between 2013 and 2014, the currency fell by 10% or more in a single 24-hour period.

Imagine a stock swinging that wildly all year long. We don't know about you, but we couldn't stomach that type of volatility.

SHORT-TERM VOLATILITY, LONG-TERM VALUE?

It's difficult to say where bitcoin will be trading tomorrow.

Or next week. Or next month.

But that being said, long-term, we believe bitcoin is here to stay.

Here's our reasoning:

1. People Want Privacy

People are getting tired of the intrusive nature of governments, and of websites like Facebook.

Now more than ever, people crave *privacy.*

And when it comes to your money, bitcoin provides privacy in spades.

Your bitcoins are stored anonymously. You can use them to conduct financial transactions without ever divulging your identity.

Over time, we believe people will find this concept increasingly valuable.

2. People Want to Save Money

Another unique aspect to bitcoin is that there are little-to-no fees associated with conducting transactions.

Since the currency is 100% digital, it doesn't cost anything to shift value from one holder to another.

Compare that to ACH transfers and bank wires that charge 2% or more, and you can see why bitcoin is gaining popularity among consumers and merchants.

3. People Are Scared of the Dollar

The U.S. economy is being propped up by low interest rates.

Once rates go up, our economy will come crashing down… and with it, the value of the U.S. dollar.

Bitcoin is a hedge against that: by its very nature, it's a global currency.

So where does this leave us as investors? If bitcoin's short-term fate is difficult to forecast, but its long-term outlook seems rosy, how can we take advantage of it financially?

TWO WAYS TO PROFIT FROM BITCOIN

There are two ways to play this investment thesis:

1. Go Long The Currency

The easiest thing to do would be to purchase bitcoins.

But we don't recommend that strategy.

Here's why…

For starters, bitcoin's price is too volatile, so it's difficult to gauge its "fair" price. Even with a long-term investment horizon, it's tough to tell if the currency today is "undervalued" or "overvalued."

Furthermore, as it stands today, bitcoin exchanges have fundamental security risks.

For example, in February of 2013, one of the largest bitcoin exchanges in the world, Mt. Gox, suspended trading. It later filed for bankruptcy protection.

At the time, Mt. Gox was responsible for handling over 70% of the world's bitcoin transactions.

During the bankruptcy proceedings, it was revealed that Mt. Gox had "lost" over 850,000 bitcoins with a value of more than $450 million.

They've since "found" 200,000 of the bitcoins, but the remainder, more than $300 million worth of clients' funds, have yet to be recovered.

The assumption is that they were either "misplaced" or stolen.

Clearly, the exchanges have some work to do before becoming a trusted place to store wealth.

Long story short? We don't recommend buying bitcoin itself…

Especially when there's another investment option that's superior.

2. Go Long The Infrastructure

There are two ways to make money during a "gold rush."

Mine for gold, or sell picks and shovels.

History has shown that you can make money doing both…

But selling picks and shovels provides solid returns with less risk.

To employ the "picks and shovels" strategy with bitcoin, you'd invest in one of the hundreds of companies that have cropped up to service this explosive, new market – from new bitcoin exchanges, to secure applications that store their value.

If you believe in the long-term potential of bitcoin, but can't stomach the short-term volatility, this is precisely where you should be looking for opportunities.

The tricky part with this strategy is that none of these companies are publicly traded. You can't find them on any stock exchange.

Normally, you would never have had the opportunity to get in on deals before they were public.

But thanks to a new law, now you can invest in these companies before they ever touch Wall Street.

Let me explain…

The JOBS Act

Beginning all the way back in 1933, the U.S. Government and the SEC made it illegal for private companies to raise money from the general public. Furthermore, the law stated that the only people who could invest in private companies were *wealthy* investors – people known as "accredited investors."

Based on the current definition of an accredited investor, in order to invest in private deals, you need to have a net worth of at least $1 million, or you need to earn more than $200,000 per year.

But that's all about to change.

The JOBS Act is a new set of laws that will finally make it possible for **anyone** – regardless of income or net worth – to invest in private companies.

The **full** law is set to go into effect in October of 2015.

However, parts of the JOBS Act have already been implemented. For instance, one portion of the new law now allows early-stage, private companies to raise money over the internet.

As long as the people who invest are accredited, these companies can post their deals on special websites called "funding platforms" or "funding portals."

These websites play "matchmaker" between entrepreneurs looking for capital and early-stage investors looking for big returns.

In order to help protect individual investors, the platforms are carefully regulated by the SEC.

And as we said before, once the final portion of the JOBS Act passes, all investors will be able to use these funding portals to find, fund and – hopefully – profit from the best early-stage private companies.

Back to Bitcoin…

A number of bitcoin-related "pick and shovel" companies have raised money from these online funding portals.

One of the most popular is a bitcoin processing company called Coinbase.

Coinbase provides consumers with a way to *buy* bitcoins, and provides online merchants with a way to *accept* bitcoins for purchases.

To launch its business, Coinbase raised $600,000 on FundersClub, a prominent online funding platform.

Since then, Coinbase has raised almost $100 million from some of Silicon Valley's most successful venture capitalists, including Andreessen Horowitz and Union Square Ventures.

Its initial valuation was about $2 million.

Its most current valuation?

$400 million.

That's a 200x increase in value in only 2 years. That would be like investing $1,000 and pulling out $200,000.

There have been a number of other bitcoin related start-ups that have raised money online. Companies like SnapCard which we wrote about in 2014. And dozens more…

It's almost impossible to keep up with all of the action in this space. And thanks to a recent opportunity we discovered, you no longer need to.

A "Mutual Fund" for Bitcoin Startups

In an ideal world, you'd be able to invest in an asset that:

1. Had the *upside* potential of bitcoin
2. Didn't have the *volatility* of bitcoin, and
3. Provided you with the opportunity to diversify your risk across many, many bitcoin-related investments…

Well, we recently discovered that exact investment – and today, we'd like to share it with you…

It's called, **The 500 FinTech + Bitcoin Syndicate**.

To be clear, this isn't technically a "fund." It's a "syndicate." Here's how it works…

The "lead investor" in a syndicate is responsible for identifying investment opportunities, negotiating the terms, and investing the first money into the deal.

Then, the lead investor calls on other members of the "syndicate" to commit capital to the deal as well.

In return for doing all of the legwork, the syndicate lead is entitled to some extra upside if the investment is profitable – generally, they'll receive 15% to 20% of the syndicate's profits.

On the flipside, if the investment doesn't work out, they get nothing.

This is a good deal for everyone. The lead investor can earn some additional upside, and the members of the syndicate get to sit back, let someone else do the legwork, and reap the rewards when things work out.

Now that you understand the basics of how a syndicate works, let's quickly go over the details of this bitcoin syndicate.

500 FinTech + Bitcoin Syndicate

As you just learned, every syndicate has a lead investor.

In the case of the bitcoin syndicate, the lead investor is a venture fund called 500 Startups.

500 Startups is run by the legendary early-stage investor, Dave McClure.

Dave has had a number of big winners over the years:

- He invested in Mint.com and made 10 times his money when it was acquired
- He invested in SlideShare and made 20 times his money
- He invested in Wildfire and made 40 times his money

And now, McClure's set his sights on the Bitcoin market – and he's inviting you to join him for the ride.

The 500 FintTech + Bitcoin Syndicate aims to invest in 10 deals per year. The fund will invest $50,000 to $100,000 of its own money into each.

Then it will reach out to its syndicate for an additional investment of $250,000 to $500,000 per deal. As a member of the syndicate, you have the option to invest in all of the deals, but you're not obligated to invest in any.

However, the more deals you invest in, the more likely the syndicate will be to give you access to its very best deals as they come along.

The investment minimum per deal is $5,000.

Currently, you must be accredited in order to invest into the syndicate and its offerings.

If you do not currently meet that qualification, not to worry…

Bitcoin Opportunities for Non-Accredited Investors

Over the coming months, there will be ample opportunities for non-accredited investors to participate in early-stage bitcoin-related investments.

For example, Barry Silbert (the founder of Second Market) will be launching a publicly traded Bitcoin investment vehicle: The Bitcoin Investment Trust. You can learn more about it **here**.

But more importantly than that, once the final components of the JOBS Act are passed, then all investors – regardless of income or net worth – will have the ability to invest in private companies.

Continue to read the Crowdability newsletter for updates on the JOBS Act and for important information and education on the early-stage investing market.

It's all free, and it's delivered to your inbox daily.

If you'd like to learn more about the 500 FinTech + Bitcoin Syndicate, you can visit its funding page **here**.

Happy investing!

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ABOUT CROWDABILITY

Crowdability provides individual investors with education, information and insight into opportunities in the crowdfunding market.

Our free website and email newsletter aggregate and organize deals from an ever-expanding universe of crowdfunding platforms. We aim to save people time and simplify the process of discovering and evaluating crowdfunding opportunities.

BENEFITS OF JOINING CROWDABILITY

- Never worry about missing an opportunity - we track them all for you
- Gain access to education and resources that remove the confusion and anxi-ety about early-stage investing
- Hear from professional venture and angel investors to help you better understand the mechanics of early-stage investing and how to identify the best opportunities

Crowdability's goal is to become your primary resource for navigating the equity crowdfunding landscape.

Visit www.crowdability.com to join for free today.

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