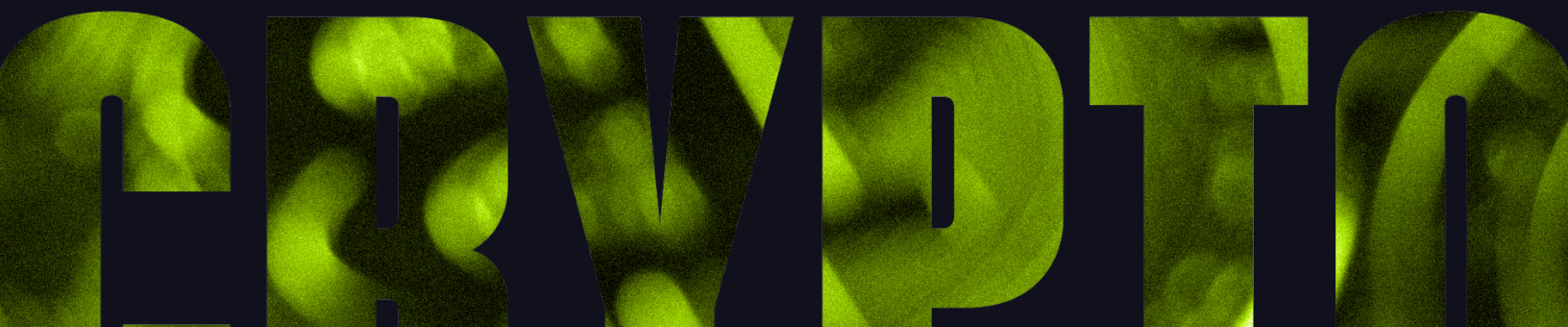
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CRYPTO ACADEMY

KNOWLEDGE DROPS

Crypto Academy Sessions,
Episode 4 — How to Trade Altcoins and Memecoins



Episode 4 — How to Trade Altcoins and Memecoins

We hope you enjoyed Crypto Academy Sessions Ep. 4. As you move through your financial learning journey in the Crypto Academy, think of these reports and all the other Academy extras as Cliff's Notes. These reports are not meant to replace any of the episodes — they're here to help make things easier.

These reports were populated by the AI-powered RV bot on the new Real Vision platform.

Enjoy.

An expert crypto trader and Web3 entrepreneur, Michael "Mando" Anderson returned this week to share how he supplements his crypto core portfolio by trading — and risk-managing — the volatile altcoin and memecoin markets.

Just like with BTC and ETH, altcoin trading requires a keen sense of market sentiment, macro drivers, and the fundamental factors that impact crypto prices. In this lesson, Mando explains how to manage the risks associated with altcoins and memecoins, how to spot trends and access trending coins, lessons learned from his own trading career, and more. Here are the knowledge drops:

1. **Altcoins can be divided into subcategories by the size of their market cap.** The largest altcoins (like SOL and ADA) have a market cap over $10 billion. Most altcoins are below a $10 billion market cap, and the "microcaps" are any altcoin with less than a $100 million market cap.

2. **When trading altcoins and memecoins, the risk profile is completely different from trading BTC and ETH.** "You can get absolutely destroyed trying to trade these things," says Mando. "And there's no exact science to do this correctly." Since altcoin markets are much more volatile than even the large-cap cryptocurrencies, Mando advocates for a properly-sized dip-buying strategy. He says you should never allocate more than 30% of your crypto portfolio to altcoins, and you should never buy altcoins unless they've fallen 50-60% in price... "And absolutely never buy based on [fear of missing out]," he says.

3. **Trading altcoins requires a deep knowledge of the subcategories and unique characteristics within the ecosystem.** Understanding blockchain technology and the use cases for different coins is key. Mando highlights the diversity — different coins operate within different networks and have different functions. There are Layer-1 coins, Layer-2 coins, DeFi coins, DAO coins, and even NFT coins. Recognizing a coin's use case and network compatibility will help you better understand the ecosystem and identify attractive market narratives for trading.

4. **If you're investing in altcoins and memecoins, it's critical to know the tokenomics of the coin you're trading.** Many of these coins are backed by venture capitalists with scheduled "unlock" dates for public release. This can cause massive price fluctuations and can even lead to underperformance in price despite successful use case function. "But, if you get the narratives and the market drivers right, and you know the tokenomics, you can really go parabolic," says Mando.

5. **Everyone wants you to invest in their coin, so it's important to have an incredibly high bar about what narrative you're buying into.** Peripheral investors should be very wary of memecoins and low-cap coins. "You have to be very careful because you'll often be catching the move just as the people who were in early are exiting the trade," says Mando. "That is the name of the game for memecoins — these are the pump and dump coins."