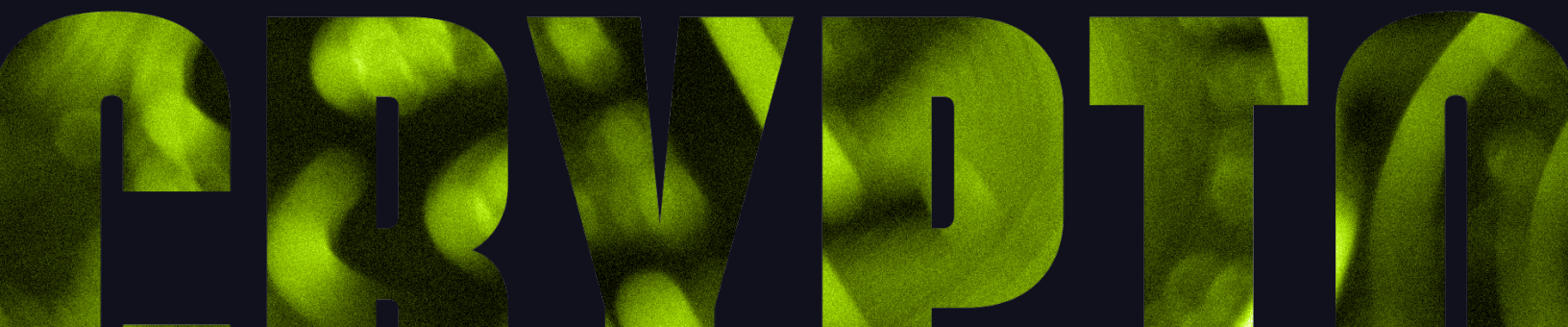
RV
CRYPTO ACADEMY

KNOWLEDGE DROPS

Crypto Academy Sessions,
Episode 5 — How to Trade NFTs



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We hope you enjoyed Crypto Academy Sessions Ep. 5. 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.

A former high-yield credit derivatives trader in London, Ovie "OSF" Faruq left traditional finance to become a full-time crypto trader and Web3 entrepreneur. OSF is best known in the crypto-trading world for some legendary NFT investments — including a nearly $10 million winner in Bored Apes Yacht Club.

It should come as no surprise then that we brought OSF back to coach us on how to trade NFTs. In this lesson, OSF explains how beginners can get started in the space, how traders can sift through the endless stream of changing narratives, which Web3 metrics we should be watching, and his best practices for risk management and portfolio construction. Here are the knowledge drops:

1. **Getting started in the expansive NFT space can be daunting for beginners, so OSF recommends thinking about the ecosystem in subcategories like gaming, music, art, and membership clubs.** Much like equity investing, he suggests starting out by exploring projects in subcategories that you're personally interested in.

2. **When trading NFTs, OSF says that the process for analyzing market metrics and fundamentals in most subcategories is quite similar — with one exception: art and collectibles.** "When it comes to digital art, you should just try to buy things that you like aesthetically or from artists that you want to support," he says. "I would suggest steering towards art that could become culturally or historically significant — that's where you'll find the most value."

3. **NFT supply is one of the key metrics that every NFT investor needs to track.** In general, scarcity will lead to higher prices when demand for a collection increases. Supply will vary greatly depending on the size of the project. Investors should look to invest in collections with enough supply to organically engage a community around it, but low enough supply to ensure scarcity. OSF says that the sweet spot for investors is collections with around 8,000 to 10,000 NFTs.

4. **The Ratio of Unique Holders to Supply is a key metric that measures the health of a collection.** To get this ratio, you divide the total number of unique holders in a collection by the total supply. Collections with a ratio greater than 50% are typically good opportunities to explore, while lower ratios suggest high ownership of supply by a small number of investors, which can lead to market manipulation.

5. **Percentage of Supply Listed can help predict near-term price action.** This figure tells investors how much of the total supply is up for sale, and low single digit percentages are generally a very bullish signal for the market. Once an NFT starts approaching 10% or higher, that's likely a bearish sign of a looming selloff.

6. **Be wary of an NFT collection that boasts an unrealistic roadmap.** Founders who promise to change the world or those who demonstrate very aggressive, relentless marketing tactics are often the ones to watch out for, according to OSF. "That's where my alarm bells go off," says OSF. "When founders make promises that they can't deliver on, it often leads to a loss of confidence in the project and severe price drops."