

## Intro to CryptoScores

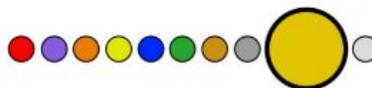
CryptoScores was founded to provide unbiased and in-depth statistical, financial, and qualitative information, delivered through a simple, organized channel. Cryptoscores believes all users should have access to educational information to invest in these transformative technologies and currencies, and compiles trading materials for investors at all stages, whether they are just learning about blockchain technology or are cryptocurrency experts. In response to a cryptocurrency market that is extremely volatile and suffers from a shortage of transparent information, the [Cryptoscores Risk Rating](#) system was created to help maximize investor's returns, and protect new traders from potentially harmful purchases.

**The Cryptoscores Risk Rating system considers a variety of criteria, and compiles all of that information into a standardized Color Rating.**

CURRENCY	↕	CRYPTOSCORE
Bitcoin		Gold
Litecoin		Silver
Ethereum		Silver
Bitcoin Cash		Silver
Ripple		Bronze
Dash		Bronze
Zcash		Bronze

**In addition to being able to compare coin scores quickly, coin pages also offer more advanced information and additional details about the Cryptoscore Risk Rating itself.**

BTC – Bitcoin



Volatility	10.0
Returns	3.65
Liquidity	10.0
Industry	9.52
Application	7.87
<b>OVERALL SCORE: 8.21</b>	

[www.cryptoscores.org](http://www.cryptoscores.org)

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## Understanding the Scores

In order to utilize CryptoScores Risk Ratings to maximize returns and make smart investments, a trader must first understand what lies within each unique Coin Ratings. Each CryptoScores Risk Rating is made up of 5 categories, including 3 qualitative scores:



**Volatility** - Represents the average deviation between the daily high and low prices, as proportionally measured against the daily market price. The Volatility measures how much a coin's price fluctuates on a daily basis. If a coin has a HIGH Volatility score, then the coin is relatively stable in price. If a coin has a LOW Volatility score, then the coin's price changes drastically on a daily basis.

**Returns** - Measures the average returns of a coin based on historical price data. The return score reflects how many gains the coin has experience on average in recent months. If a coin has a HIGH Returns score, then the coin has been realizing high returns in recent months. If a coin has a LOW Returns score, then the coin hasn't experienced large growth recently.



**Liquidity** - Reflects what percentage of the world's top 15 cryptocurrency exchanges facilitate transactions of each given coin. This information reveals how available a coin is to purchase and easy a coin is to buy or sell on the open market. If a coin has a HIGH Liquidity score, then it is accepted by most or all major cryptocurrency exchanges worldwide. If a coin has a LOW Liquidity score, then the coin is not traded on many platforms, and may be difficult to actually buy or sell.

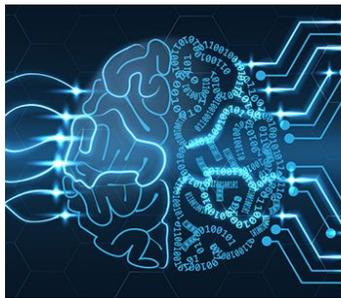
To review the Raw Data behind each one of these qualitative CryptoScore categories, visit this [Excel Document](#) for complete information on each of the top 50+ coins on the market:

### [CryptoScores Raw Data](#)

	BTC	ETH	BCH	XRP	LTC	ADA	DASH
Volatility	7.70%	8.63%	10.22%	10.37%	9.70%	11.72%	9.66%
Avg Daily Return	-0.27%	-0.56%	-0.15%	-0.49%	-0.19%	-0.86%	-0.48%
Liquidity	100.00%	86.67%	86.67%	60.00%	73.33%	20.00%	60.00%

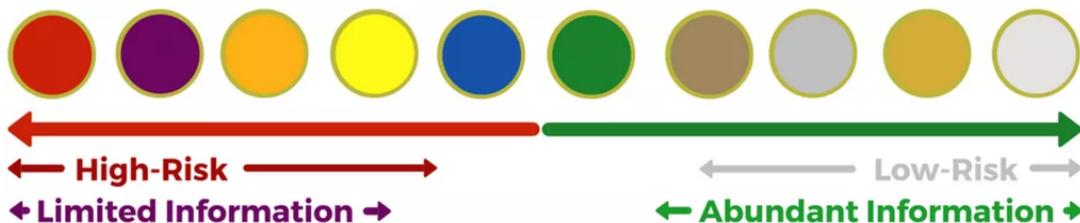
**In addition to 3 scores established by Qualitative Data, CryptoScores also considers weighted qualitative information, which is broken down into 2 qualitative scores:**

**Industry** - Based on a number of sub-criteria, which mainly entails information relative to the coin's Current Capital, Commercial Investment, and Industry Support. This score reflects how well the coin is performing from a business standpoint, and how much support the coin has received through investment and commercial partnerships. If a coin has a HIGH Industry score, then the coin has gathered ample investment to fund future developments, and has already begun working with established commercial partners. If a coin has a LOW Industry score, then the coin has received little industrial support, and has not begun working with many customers or commercial interests yet.



**Application** - Based on a number of sub-criteria, which mainly entails information relative to the coin's Current Application, Potential Growth, and Technological Strength. This score reflects the actual value behind the use case and technology of a coin. If a coin has a HIGH Application score, then the coin is already being used across a number of potential use cases, and has a strong technical base for future development to expand upon. If a coin has a LOW Application score, then the coin is not being used actively as of yet, and has minimal or no technical specifics to separate themselves from the rest of the industry.

**Understanding the score breakdown is key towards maximizing the use of any Cryptoscore Risk Rating, but it is also simple and easy to trade with the overall Color Score. Refer to the following guide for general trading advice:**



In general, coins that are Bronze, Silver, Gold, or Platinum are *Less Risky* than coins that are Red, Purple, Orange, or Yellow. Additionally, there is typically more information available to the public with higher rated coins as opposed to lower rating coins. With that said, lower rated coins often also hold a higher possibility of huge returns, while high rated coins are likely safer investments, and may not net as large of a return as lower level coins.

*In order to maximize any crypto bag, it is important to diversify your portfolio with both Risky and Less-Risky cryptocurrencies.*

## Making Investments with CryptoScores

The first step before looking at any asset is to evaluate your own investment objectives.

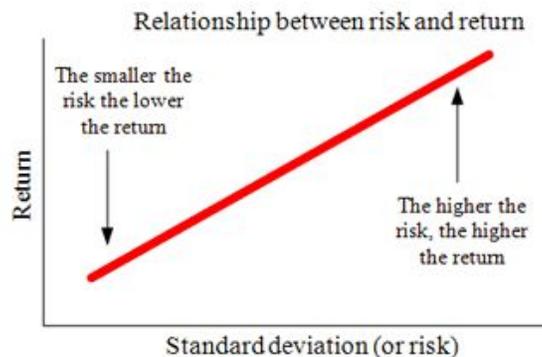
There are two different objectives than an investor must establish.

1. Risk Objective
2. Return Objective

Evaluating and Managing Risk is perhaps the most important part of making sound investments. Managing and limiting risk will limit losses and increase returns.

- (1) An investor must determine their willingness to take on risk - are they a risk taker?
- (2) An Investor must determine their ability to take on risk.
- (3) Create a risk tolerance limit based on steps 1 & 2.
- (4) Establish a risk Objective.

Once a risk measure is established, a Risk Tolerance Measure can be created based on the investor ability and willingness to take on risk. As a general rule, the lower between the two should be the constraining number and tolerance level. For instance, if an investor has the ability to take on 20% volatility, but willingness to take on only 10% volatility, then the investor's tolerance limit is 10% volatility. As a result, the investor's risk objective cannot exceed 10%.



In order to Establish a Return Objective, and investor must follow a few simple steps:

- (1) Specify Desired Return
- (2) Specify Required rate of return
- (3) Use required return and Desired return to establish return objective

This portion of the investment objective is tricky to evaluate. The overall idea however is to create a clear objective on what you wish your portfolio or asset to provide in returns. After a return objective and a risk objective have been created, an investment objective has been created as a result. This Investment Objective can then be used to determine what is and isn't a sound investment for the given trader.

To fulfill a Risk Objective, the first and foremost measurement to consider is volatility. If an investor has a high risk objective, then they can accept a higher volatility score, and vice versa. In addition to Volatility, Liquidity and Industry scores should also be considered when fulfilling a risk objective. Liquidity refers to how easily an asset can be converted to cash, and can be a strong indicator of stability. An asset's Industry score is also important because it recognizes the actual support that is behind an asset. .



\*Red Box = Risk Objective; \*\*Blue Box = Return Objective

To fulfill a Return Objective, Returns, Application, and Industry scores should be considered. It is also important to consider that future returns are much harder to predict than present risk. Future Returns can be forecasted by measuring a currencies historical returns, but the past can only provide estimations, and has no theoretical impact on future returns. So, in order to provide a more accurate projection of future returns, the application and industry ratings of an asset should be considered as well. These two categories evaluate the potential use of a cryptocurrency, as well as the current use and technological strength of an asset.

In the end, there is no clear-cut blueprint for “reaching the moon” on the cryptocurrency market, but establishing personal Risk and Return Objectives are critical towards being a successful trader. [Cryptoscores Risk Ratings](#) offer the information any investor needs to be smart and safe on the open market, and can be used in coordination with any traders Risk and Return Objective to help maximize their returns.

**Need help registering for an exchange or making your first cryptocurrency purchase? Check out Cryptoscores “Crypto Academy” for more guides and information today!**



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