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# NEWSLETTER



## So how much should you allocate to our Crypto Fund?

Image by [Daniel Öberg](#)

This is the question we are asked all the time and it's actually very simple if you start from the following position.

An approach we have used is to take our net worth and divide it by

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*“Going into this race with 1 horse just isn’t sensible and realistically looking after more than 20 horses becomes extremely onerous”*

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20, ie calculate at 5% what the maximum amount is that we can invest in a new idea. For example, suppose the sum total of all our assets: property, stocks, bonds, precious metals /cash, art and contents (ie anything that has a re-sale value) is 100k, then the amount we would be happy to allocate to a crypto fund is 5k.

If we already had some crypto like BTC or ETH, then we would subtract that amount from the 5k and allocate the difference. So following on from the example above, assuming we already had some crypto to the value of 1k, and our net worth was 100k, we would allocate 4k to a crypto fund.

The next question which comes up is: I don't have that 5k or 4k in liquid assets, how do I get there?

To answer this, again we would do and have done the following, take the amount calculated above (either 4k or 5k) and divide this by 12 to calculate a monthly "dollar cost averaging" amount. For this example, that would compute to a monthly amount of 333.33 or 416.67 respectively.

The advantages of dollar cost averaging are clear, over time the peaks and troughs are averaged out and purchase price tends towards the mean. An additional advantage is that small monthly amounts can add up to significant amounts over time.

The next obvious question is why 5%, how did you come up with this number? We are in the business of managing risk, being well diversified and building strategies that have inversely correlated assets is key to successful investing. Think of a 5% allocation like having 20 different types of horses. The race is ever changing and the requirements to win will differ, your horses will need to be able to sprint, pace themselves over long spells in different climates and when some are not doing so well the others will have to step up.

Going into this race with 1 horse just isn't sensible and realistically looking after more than 20 horses becomes extremely onerous.

Taking the above into account, for a well balanced allocation of projects in the crypto space, be sure to check out our offering - Rational Active Allocation

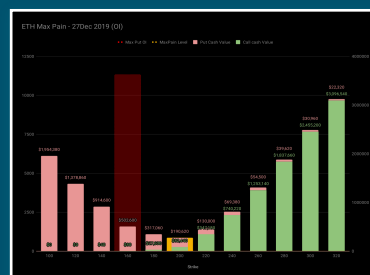
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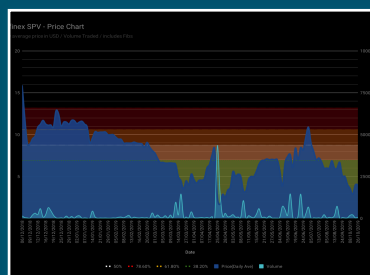
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