



SPECIAL REPORT

Bitcoin & Ethereum

FOR PROFESSIONAL INVESTORS ONLY

THIS REPORT IS FOR PROFESSIONAL INVESTORS ONLY
AND NO OTHER PERSON SHOULD ACT UPON IT

FREDERICK
— & —
OLIVER



CRYPTOCURRENCY PRICES HAVE PLUNGED IN RECENT WEEKS - IS NOW THE TIME TO BUY BITCOIN AND ETHEREUM?

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WELCOME

In recent reports, we’ve marvelled at the ever-accelerating advances in technology, and here we are again.

Be it your hardware; TV, mobile phone, or laptop, or software; Netflix, Hive, Zoom etc. everything is so much better and convenient than it ever has been.

Transportation is also transitioning into something resembling sci-fi. Much is being made of electrified cars and autopiloting Teslas, yet with just a fraction of cars currently being powered this way, there is already talk of drones being the future of personal travel.

This report focuses on cryptocurrencies, the future of payment methods? And in particular, Bitcoin and Ethereum.

Not cryptocurrencies, but actual coins - pennies and pounds. Its a wonder we still use traditional currency given the way technology has advanced in every other aspect of our lives.

Technologies such as PayPal and Apple Pay have successfully replaced the chequebook yet they still link back to an account comprised of pennies and pounds.

Next up? Cryptocurrencies. There are plenty available already, thousands in fact. The most (in)famous being Bitcoin.

Spectacular price movements in the value of the largest cryptocurrency have captured the imaginations of traders.

In 2017, Bitcoin traded as low as \$750 before peaking at almost \$20,000, a gain of over 2,500%. Bitcoin slipped back to \$3,000 in 2018 (-85%) before skyrocketing to almost \$70,000 in 2021 (+2,200%).

This week has been particularly volatile, with crypto

prices taking a leg down amid the broader market sell-off, sparked by interest rate hike fears following multi-year-high inflation data.

A typically defensive move by investors is to sell riskier assets in market downturns.

That said, troubled times produce discounted entry prices.

Read on for analysis on Bitcoin and Ethereum, and more importantly, why you should trade crypto CFDs with Frederick & Oliver.

Good luck with your investments.

Frederick & Oliver

Why trade Crypto CFDs with Frederick & Oliver?

FREDERICK & OLIVER OFFERS ONE OF THE MOST COMPELLING CRYPTO CFD OFFERINGS IN THE UK

With the rise in popularity of cryptocurrency trading, more and more platform providers have emerged. With so much choice, why should you choose Frederick & Oliver for your cryptocurrency dealing?

Low margin rates

Trading with CFDs is to trade on deposit. The deposit requirement for Bitcoin, Ethereum and Litecoin is just 1% meaning you could open \$100k position with just \$1k on your Frederick & Oliver trading account.

Short-selling ability

Crypto prices can be subject to wild volatility, intraday moves of up to 20% are not unheard of. That said, almost all providers offer 'long only' trading. With Frederick & Oliver you can short-sell, speculate on falling prices. Bitcoin has halved in price over the past 3 months, a move that could have proved profitable for short-sellers.

Tight spreads

It would be unsporting to name names, but one major UK crypto platform currently has a spread of \$700 between the buy and sell price of Bitcoin. Frederick & Oliver currently has a spread of just \$50.

Low transaction costs

Frederick & Oliver has a transparent commission of 1% per transaction. Other platforms charge as much as 6% or 7%, often disguised as deposit charges, processing fees and FX fees and fund withdrawal charges.

Low financing rates

Frederick & Oliver charges an annual financing rate of 20% on long positions and zero financing on short positions. Again, a top UK CFD provider currently charges 35% on long positions.

Ease of dealing

Some exchanges require clients to open wallets, convert funds into dollars, before finally being able to trade. At Frederick & Oliver, you simply deposit funds into your trading account, and you're ready to start trading.

Award winning service

Frederick & Oliver is not a 'platform-only' company. We very much believe in the value of a traditional, client-broker relationship. You have a direct telephone line to our trading team, with whom you can discuss and place trades.

Security

There have been many high profile cases of crypto exchanges being hacked and coins stolen. At Frederick & Oliver, all positions are held using a CFD, a regulated derivative product, of no value to potential hackers.

Lets recap

With Frederick & Oliver you can buy and/or short-sell Bitcoin, Ethereum and Litecoin CFD positions, on a deposit of just 1%. Combined with low dealing fees, tight spreads and an award winning service, we believe this is the most compelling Crypto offering available in the UK.

Professional investors only

Crypto CFDs are only available to investors whom qualify as 'professional' by meeting at least 2 of the following 3 criteria:

- Have at least €500k in cash and/or investment/trading accounts.
- Have traded leverage products over the past 12 months
- Have worked in the finance sector, in a role requiring an understanding of leveraged products.



TRADE EXAMPLES

Having the flexibility to buy and/or 'go short' is vitality important when trading volatile assets. Typically, traders look for discounted entry points to buy into cryptocurrencies. Often overlooked and widely unavailable is the facility to short-sell, for purposes of speculation and/or hedging long exposure. Take a look at both trade examples below.

Bitcoin is currently trading at \$20,000. In the chart below, **Client 1** wishes to buy at the current price (A) believing Bitcoin will double in value to \$40,000 (B), a price last seen in April. **Client 2** believes Bitcoin will halve to \$11,000 (C) and opens a short position.

Client	Trade type	Entry Price	Number of coins	Deal value	Deposit required (1%)	Closing Price	Profit
Client 1	Long	(A) \$20,000	5	\$100,000	\$1,000	(B) \$40,000	\$100,000
Client 2	Short	(B) \$20,000	5	\$100,000	\$1,000	(C) \$10,000	\$50,000





BITCOIN IS TRADING AT A 71% DISCOUNT TO ITS NOVEMBER HIGH
- IS NOW THE TIME TO BUY?

In the 2011 film ‘Margin Call’ character John Tuld claimed to succeed you must either “be first, be smarter, or cheat”.

Bitcoin has the “be first” advantage.

Being first, enabled Bitcoin to become established in the absence of competition. In the early crypto days, Bitcoin was the only play.

The funneling of inflows by early adopters drove the price higher, which in turn grabbed financial headlines, attracting more speculators.

Throughout 2015, there was plenty of opportunity to pick up a Bitcoin for a couple of hundred dollars.

Just 2 years later the coin peaked at \$20,000, a gain of almost 10,000%, meaning \$100 invested in 2015, was worth \$1m in 2017!

Stories of Bitcoin millionaires circulated and the rest, as they say, is history.

You can see from the chart opposite, the price moves in Bitcoin have been nothing short of spectacular, ever since.

Compared with the early days, Bitcoin is fast becoming a more respected financial asset. In 2021, Jim Dimon, the CEO of JP Morgan, described Bitcoin as a “worthless” investment.

However, just two weeks ago, Dimon said he sees “significant upside” citing a target price of \$38,000 (+90% versus the current price).

There remains an air of mystique associated with cryptocurrencies. Once considered an anonymous

payment method for criminals of the dark web, however one can now use Bitcoin to buy a coffee in Starbucks.

Until there is a widespread adoption of cryptos, there will be as many cynics as there are champions of Bitcoin and its peers.

This ‘Marmite affect’ has successfully divided Wall Street’s finest. Dimon’s ‘worthless’ claim has recently been echoed by the Bank of England and ECB President, Christine Lagarde.

Yet Fundstrat’s Tom Lee has tipped Bitcoin to reach \$200,000 (+900%), whilst ARK Invest CEO, Cathie Wood, predicts Bitcoin will be worth \$1m by 2030 (+4,900%).

Predicting Bitcoin’s next move is a thankless task but an entry point close to \$20,000 could prove lucrative if bargain-hunting sparks a 50% increase to \$30,000 (last seen on 10th June) or a 100% increase to \$40,000 (last seen on 4th May).

Whilst past performance is no indication of future moves, it is worth noting (see chart opposite) that sizeable rallies have followed heavy declines.

Should the price slip below \$20,000, one has many options:

- Sell and walk away, sometimes trades are loss making
- Short-sell to offset any temporary paper losses
- Buy more to improve the average price

At 1% deposit requirement, you can buy and/or short-sell:

- 1 x Bitcoin at \$20,000 for \$200 outlay
- 10 x Bitcoin at \$20,000 for \$2,000 outlay
- 50 x Bitcoin at \$20,000 for \$10,000 outlay



BITCOIN
INFORMATION

Bitcoin is a decentralised digital currency that can be transferred on the peer-to-peer bitcoin network. Bitcoin transactions are verified by network nodes through cryptography and recorded in a public distributed ledger called a blockchain. The currency began use in 2009 when its implementation was released as open-source software.

CHART OBSERVATIONS





ETHEREUM HAS PLUNGED 78% FROM ITS NOVEMBER HIGH - IS NOW THE TIME TO BUY THE DIP?

Unlike Bitcoin, Ethereum could not benefit from a ‘be first’ advantage. Perversely, this worked in its favour.

Bitcoin started trading in 2010. Ethereum started trading in 2015.

In 2010, a Bitcoin could have been purchased for 8 cents, yes that is correct, \$0.08 - time machine please!

Come 2015, Bitcoin had hit \$500 (+625,000%) and stories of millionaire speculators were rife in crypto circles - a \$100 dollar investment would have become \$62,000,000 in 5 years. Those who had missed the boat, coupled with those looking to repeat their Bitcoin trade, were excited to learn of a new coin launch.

In July 2015, Ethereum started trading at \$2.77 but slipped to \$0.81 within 24 hours and remained less than \$1 until January 2016.

Those who held their nerve were rewarded 2 years later as Ethereum topped \$1,400.

Having lived its existence in the shadow of Bitcoin, Ethereum is typically lesser known in the private investor community. It too, is far from widely accepted as an everyday currency.

That said, with a growing acceptance that cryptocurrencies will play a part in future commerce, City analysts have issued some dizzy target prices for Ethereum.

Tom Lee, Managing Partner and Head of Research at Fundstrat Global Advisors has a target price of \$4,900 (+366%).

Ian Balina, founder of crypto research company Token

Metrics, has a target of \$8,000 (+661%).

In May, a panel of 36 industry experts had a year end target of \$5,800 (+452%) for Ethereum according to an article in Forbes magazine.

An entry point near to the psychological \$1,000 mark could prove favourable given the recent price decline. Ethereum was trading at \$1,600 earlier this week and \$2,700 last month, presenting upside potential of 60% and 170% respectively.

As with Bitcoin, should Ethereum drop below \$1,000, the options are as follows:

- Sell and walk away, sometimes trades are loss making
- Short-sell to offset any temporary paper losses
- Buy more to improve the average price

At 1% deposit requirement, you can buy and/or short-sell:

- 10 x Ethereum at \$1,000 for \$100 outlay
- 100 x Ethereum at \$1,000 for \$1,000 outlay
- 1,000 x Ethereum at \$1,000 for \$10,000 outlay



ETHEREUM INFORMATION

Ethereum is a decentralised, open-source blockchain with smart contract functionality. Ether is the native cryptocurrency of the platform. Among cryptocurrencies, Ether is second only to Bitcoin in market capitalisation.

CHART OBSERVATIONS





First Class

FREDERICK & OLIVER, A BOUTIQUE BRAND WITH TRADITIONAL VALUES, DELIVERS A PREMIUM STOCKBROKING SERVICE.

Traditional broker-client relationship

To us, the client-broker relationship provides an irreplaceable avenue of understanding, guiding you through the ever-changing market with assurance and dexterity.

News & Analysis

Reading the stock market can feel relentless, especially when looking to trade in markets that demand consistent and thorough revision. We deliver need-to-know information, highlighting the benefits and consequences of industry actions that directly impact your portfolio.

Having access to trustworthy and relevant sources ensure that, even amongst your daily commitments, all decisions are informed decisions.

Our pledge

Frederick & Oliver endeavors to deliver exceptional customer service, after all your stock market portfolio deserves nothing less.

City View

To receive our complimentary newsletter **City View** by email, please visit www.frederickandoliver.com

More information

Please visit www.frederickandoliver.com

Contact Us

Call us on **020 8054 7900**
Email us at info@frederickandoliver.com

“Frederick & Oliver’s emphasis on providing an old fashioned, highly personalised customer service is very refreshing in this digital age”

Mr. H-S

“I have known the guys at Frederick & Oliver for over 10 years. They are far from a regular execution-only broker. They go out of their way to keep clients well informed of market developments and upcoming events. - Great service. Thank you”

Mr. C

“I was totally new to stock trading. Six months on, I have been reassured by the team’s safety-first approach. Access to the team is easy and fast, they are also quick to get in touch with important updates. I have introduced many friends to Frederick & Oliver who have given me the same positive feedback. Thank you guys”

Mr. A

“Frederick & Oliver has provided me with an excellent service. They listen, understand what I need, and provide quality market information. There is a always a person at the end of the phone, which adds huge value to the service”

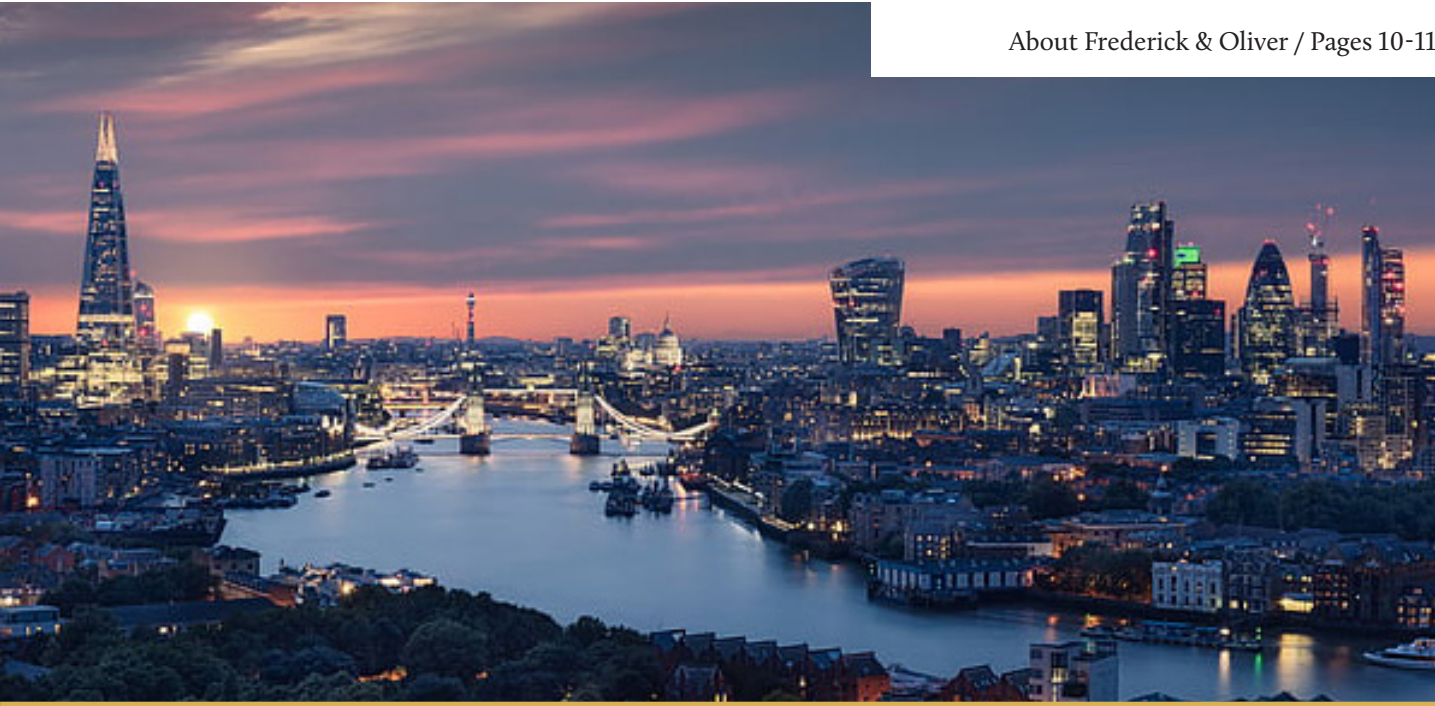
Mr. B

“I can highly recommend the services of Frederick & Oliver. This is a very professional company providing up to date guidance and relevant information”

Mr. W

“Frederick & Oliver is the best CFD broker I have worked with. The team understands the markets, are responsive to market changes and quickly inform their investors. They understand me, my preferences and my weaknesses, tempering my natural gun-ho approach in periods of uncertainty”

Mr. F



WE'RE GOOD, BUT DON'T TAKE *OUR* WORD FOR IT.

Frederick & Oliver is the proud winner of a number of industry awards in recognition of its services to Retail and Professional Investors, including this year’s **UK Investor Magazine Awards**, the **ADVFN International Finance Awards** and the **City of London Wealth Management Awards**.



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