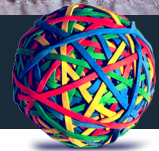




DECONSTRUCTING BITCOIN

SEPTEMBER
2017
WHITE PAPERS

 WEALTHMANAGEMENT



Few technologies have generated so much dramatic online discourse and puzzled most of the populace as Bitcoin. In fact, this digital currency has both piqued strong interest and caused a quagmire of worldwide confusion at the same time since its introduction in 2009 on an email as an online money liberation mechanism.

Now Bitcoin is intriguing more people than ever before, causing its value to soar to all-time highs and to make millionaires out of folks who stashed away gargantuan amounts of in its early years.

What explains this? Is Bitcoin currency's future? Can we call it actual currency? What is its purpose? And is it a good investment? Answers below.

What is Bitcoin?

Bitcoin is a global cryptocurrency and digital payment system that employs decentralized technology to process transactions and store money without needing banks or names of payers or payees.

How does it work?

Bitcoin operates on a block chain, a public ledger that keeps a decentralized record of all Bitcoin transactions. All network users hold and update the block chain as they continue to make Bitcoin transactions. They create Bitcoins by cryptographically generating blocks on their network through their computer power. When each created block is added onto the block chain, users make money from it by maintaining the network and their place in it.

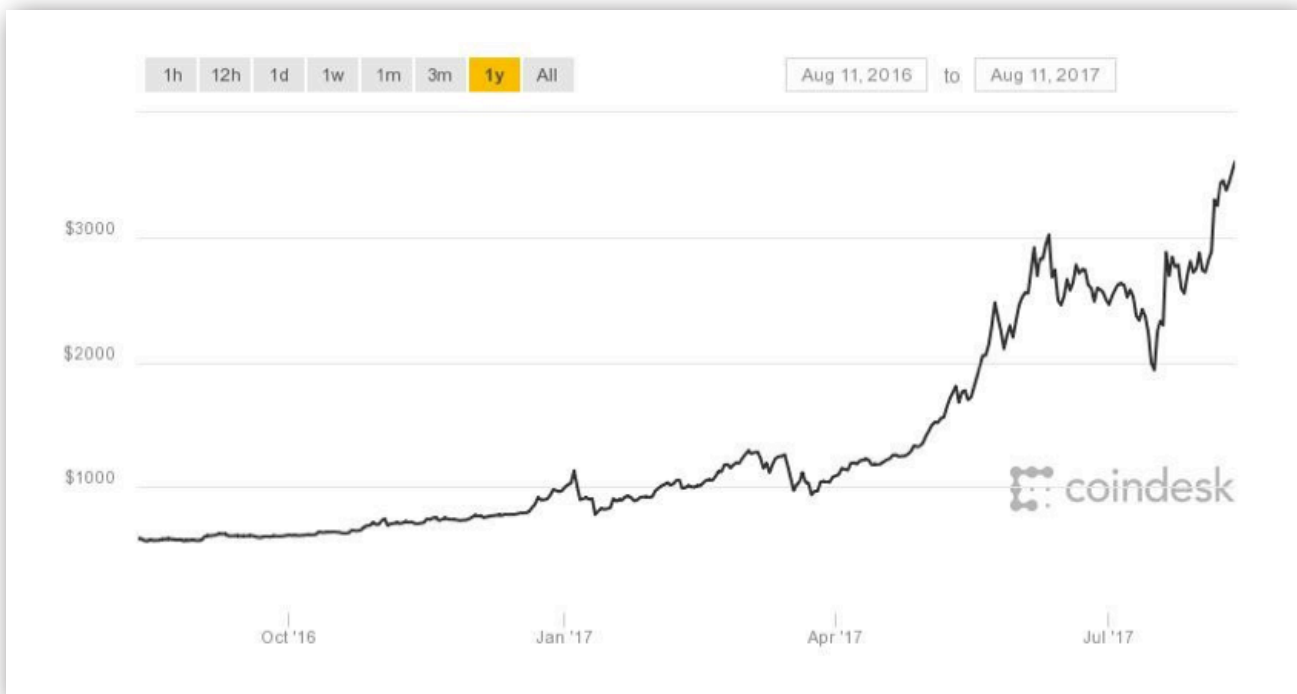
The system limits the number of Bitcoins each user can create to just below 21 million, to avoid diluting each Bitcoin's value. A total of 14 million Bitcoins now circulates. Each has a value of more than \$4,000 as of this writing.



BITCOIN CONTINUED

What affects a Bitcoin's price?

A Bitcoin's price has fluctuated since reaching its critical mass with the mainstream four years ago. At that time, prices skyrocketed nearly 10,000% before being pushed down again by the fall-through of Mt. Gox, Bitcoin's largest exchange. Today, CoinDesk is Bitcoin's likely leader. Tomorrow's new Bitcoin boss is anybody's guess.



Following their plunge, prices began to inch up before soaring once more, mainly because regulators have gotten in on the Bitcoin act, and initial coin offerings have risen as a means of raising funds by vending Bitcoin-like cryptographic currency. Many cynics anticipate a new Bitcoin bubble about to burst, while supporters claim that Bitcoin's rebound is just beginning.

Who is Satoshi Nakamoto?

"Satoshi Nakamoto" is the pseudonym of the unidentified originator(s) of Bitcoin and block chain. The true identity of Bitcoin's founding father(s) remains unknown in spite of endless journalistic efforts to track it down. In 2014, Newsweek declared Japanese-American man Dorian Nakamoto, 64, to be the founder, but scrutiny invalidated that finding, a car-chase ensued, and the suspect outright denied the magazine's claim.

Within the last two years, former Australian professor Craig Wright reported to the BBC, The Economist and Wired that he was Bitcoin's creator, a claim he reiterated in blog posts. Failing to prove it, he publicly



BITCOIN CONTINUED

apologized: “I believed that I could put the years of anonymity and hiding behind me. But, as the events of this week unfolded and I prepared to publish the proof of access to the earliest keys, I broke. I do not have the courage. I cannot.”

So the individual or collective mastermind behind Bitcoin and block chain remains a mystery to this day.

How many people use Bitcoin?

According to research from the University of Cambridge, England, up to 5.8 million users possess cryptocurrency accounts, most of which use Bitcoin.

What is Bitcoin used for?

Bitcoin has many purposes, most commonly company-funding, cash investment, and fee-free money transfers. However, Bitcoin is also used in cybercrime, drug-dealing, money laundering and other felonies, since a Bitcoin wallet is nearly impossible to associate with any one person.

Bitcoin can be expended both online and at designated UK retailers: CEX stores, Dell’s website, Your Sushi restaurants, and select pubs. A complete list of Bitcoin-accepting online and offline enterprises can be seen at many websites around the net. Users can also withdraw Bitcoin at special ATMs, which are listed on-line.

Others simply keep their Bitcoins for investment purposes. Given its extreme volatility, Bitcoin is yielding high gains from its early investors (see below).

Is Bitcoin a good investment?

Independent, decentralized setups protect Bitcoin against theft, fraud, and transaction charges. Bitcoin has also yielded sizable returns for some of its investors: its price increased from a few dollars in early 2013 to \$1,100 by the following November. This has made millionaires out of those who had invested \$2,500 in Bitcoin in 2012.

The Bitcoin more than doubled to \$2,400 at one time this year, but its price-plunge by \$400 last May left many investors high and dry. So Goldman Sachs needn’t be so cocksure about the \$4,800 price target their assigned analyst recently stuck on the Bitcoin.

CONCLUSION

Given the Bitcoin’s \$2,000-to-\$4,000 increase in the past three months, we at WT Wealth Management are not recommending Bitcoin investment. Nor, for that matter, are we familiar enough with Bitcoin to make a learned recommendation whether or not to invest in it. Since our expertise is in identifying undervalued equities and understanding the direction and sentiment of the financial markets, we are not prepared to predict the next move for Bitcoins—up or down.

Yet we are asked about Bitcoins a few times a week, along with the availability of cannabis stocks for investment. Perhaps we will tackle the cannabis stock industry in a future white paper. We like to make our monthly white papers timely and informative, and, with increased media attention on Bitcoin, its timing was perfect for us to perform some research on it and share our findings with our clients.



SOURCES

Bitcoin. (2017). Bitcoin is an innovative payment network and a new kind of money. Bitcoin.org.
Retrieved from <https://Bitcoin.org/en/>

Cable News Network. (2017). What is Bitcoin? CNNTech.
Retrieved from <http://money.cnn.com/infographic/technology/what-is-Bitcoin/>

Lee, T. B. (2013). 12 questions about Bitcoin you were too embarrassed to ask.
The Washington Post, November 19, 2013. Retrieved from https://www.washingtonpost.com/news/the-switch/wp/2013/11/19/12-questions-you-were-too-embarrassed-to-ask-about-Bitcoin/?utm_term=.8011ebd2ca86

McGoogan, C., & Titcomb, J. (2017). What is Bitcoin, how does it work, and what affects its price?
The Telegraph: Technology, 16 August 2017. Retrieved from <https://www.telegraph.co.uk/technology/0/what-is-Bitcoin-everything-need-know-about-the-cryptocurrency/>

Wallace, B. (2011). The rise and fall of Bitcoin. Wired, November 23, 2011.
Retrieved from https://www.wired.com/2011/11/mf_Bitcoin/

DISCLOSURE

WT Wealth Management is a manager of Separately Managed Accounts (SMA). Past performance is no indication of future performance. With SMA's, performance can vary widely from investor to investor as each portfolio is individually constructed and allocation weightings are determined based on economic and market conditions the day the funds are invested. In a SMA you own individual ETFs and as managers we have the freedom and flexibility to tailor the portfolio to address your personal risk tolerance and investment objectives – thus making your account “separate” and distinct from all others we potentially managed.

An investment in the strategy is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Any opinions expressed are the opinions of WT Wealth Management and its associates only. Information is neither an offer to buy or sell securities nor should it be interpreted as personal financial advice. You should always seek out the advice of a qualified investment professional before deciding to invest. Investing in stocks, bonds, mutual funds and ETFs carry certain specific risks and part or all of your account value can be lost.

In addition to the normal risks associated with investing, narrowly focused investments, investments in smaller companies, sector ETF's and investments in single countries typically exhibit higher volatility. International, Emerging Market and Frontier Market ETFs investments may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability that other nation's experience. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Bonds, bond funds and bond ETFs will decrease in value as interest rates rise. A portion of a municipal bond fund's income may be subject to federal or state income taxes or the alternative minimum tax. Capital gains (short and long-term), if any, are subject to capital gains tax.

Diversification and asset allocation may not protect against market risk or a loss in your investment.



DISCLOSURE CONTINUED

At WT Wealth Management we strongly suggest having a personal financial plan in place before making any investment decisions including understanding your personal risk tolerance and having clearly outlined investment objectives.

WT Wealth Management is a registered investment adviser in Arizona, California, Nevada, New York and Washington with offices in Scottsdale, AZ Jackson, WY and Las Vegas, NV. WT Wealth Management may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. WT Wealth Management's web site is limited to the dissemination of general information pertaining to its advisory services, together with access to additional investment-related information, publications, and links. Accordingly, the publication of WT Wealth Management web site on the Internet should not be construed by any consumer and/or prospective client as WT Wealth Management solicitation to effect, or attempt to effect transactions in securities, or the rendering of personalized investment advice for compensation, over the Internet. Any subsequent, direct communication by WT Wealth Management with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of WT Wealth Management, please contact the state securities regulators for those states in which WT Wealth Management maintains a registration filing. A copy of WT Wealth Management's current written disclosure statement discussing WT Wealth Management's business operations, services, and fees is available at the SEC's investment adviser public information website - www.adviserinfo.sec.gov or from WT Wealth Management upon written request. WT Wealth Management does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to WT Wealth Management's web site or incorporated herein, and takes no responsibility therefor. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.