
The Battle Over Bitcoin:

How to Make a Killing on the Biggest Bull Market in History



Technology &
Opportunity

THE BATTLE OVER BITCOIN

HOW TO MAKE A KILLING ON THE BIGGEST BULL MARKET IN HISTORY



Technology &
Opportunity

THE BATTLE OVER BITCOIN

HOW TO MAKE A KILLING ON THE BIGGEST BULL MARKET IN HISTORY

It's not often that an investment posts an annual gain of several *thousand* percent. But cryptocurrencies find a way.

Between the beginning of 2017 and Bitcoin's near-\$20,000 peak on December 15 of that year, the cryptocurrency gained almost 2,000% before selling off.



It's easy to think that this substantial run-up was a one-time thing and that you've missed the boat on massive Bitcoin gains like these.

But actually, due to the supply shock that will result from Bitcoin's upcoming block-reward halving event, an even *bigger* spike could still be ahead.

And as we'll see in a moment, there's one obscure, \$5 tech stock that is set to benefit from this event even more than Bitcoin itself.

But before we get into the nitty-gritty technical details, we should probably explain what "Bitcoin's upcoming block-reward halving event" means...

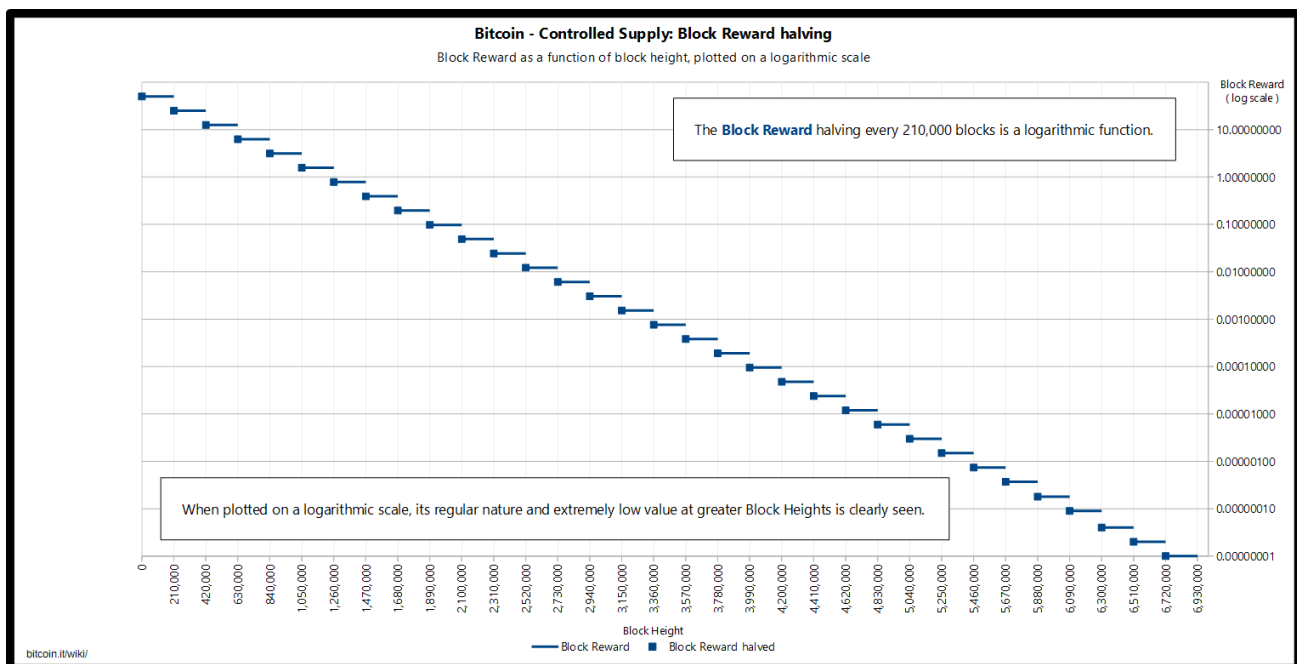
BITCOIN MINERS' WORST NIGHTMARE

As you may know, cryptocurrencies like Bitcoin are built on decentralized algorithms called "blockchains." These are encrypted, immutable sets of records that determine the ownership of each individual coin at any given moment in time.

People can earn Bitcoins by using their computing power to check and secure the blockchain's records in a process called *mining*.

In more detail, miners use their computing power to complete sets of calculations that help maintain the blockchain. Each set of calculations is called a "block."

And Bitcoin's source code specifies a fixed schedule of rewards for miners — a predetermined number of Bitcoins earned per block, which decreases over time as more coins are mined.



When the cryptocurrency first launched in 2009, miners could earn 50 Bitcoins per block. Then, in 2012, miners hit a milestone in the number of Bitcoins they had produced, causing the reward to be cut in half to 25 Bitcoins per block.

THE BATTLE OVER BITCOIN

HOW TO MAKE A KILLING ON THE BIGGEST BULL MARKET IN HISTORY

In 2016, it was halved again to 12.5, triggering the huge run-up in price shown in the graph at the beginning of this article.

And at 9:38 a.m. on May 12, 2020, it will be halved again to just 6.25 Bitcoins per block.

There's no stopping this process; it's inscribed in the source code that makes Bitcoin *Bitcoin*.

Over time, the reward for mining new blocks will continue to be cut in half until the number of Bitcoins reaches 21 million — the upper limit after which mining will become impossible.

Each block-reward halving, including the one coming up in May, makes it much more computationally intensive to produce new Bitcoins through mining. This creates immense upward pressure on the price of Bitcoin by constraining its supply; the last few Bitcoin bull markets have coincided with halving events.

It also creates an ever-rising demand for bigger and better mining computers. That's where our \$5 stock comes in...

MINING TECHNOLOGY MARCHES ON

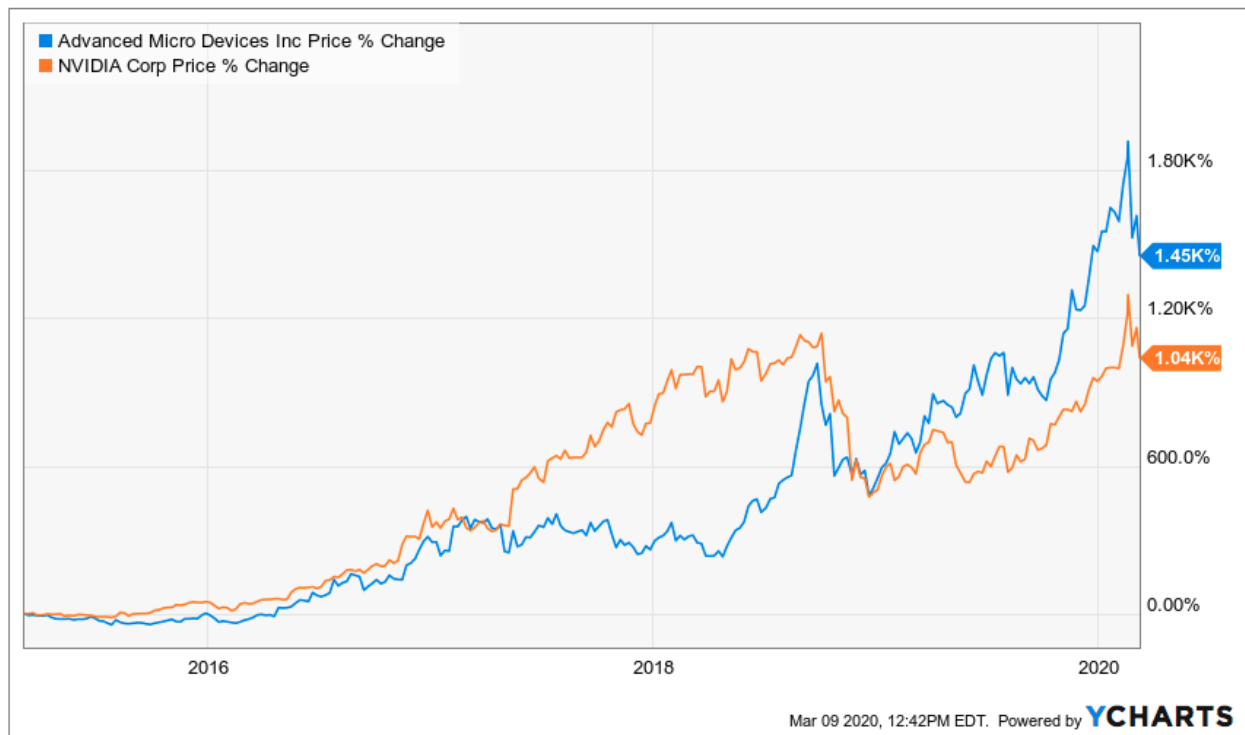
During previous bull markets, Bitcoin miners earned coins with homemade mining computers (or "rigs") made out of graphics processing units (GPUs).

These specialized computer chips are designed to handle the high-intensity calculations involved in gaming, video editing, and graphic design. But for a time, they also worked great for mining.

In fact, the two biggest GPU manufacturers, **Advanced Micro Devices (NASDAQ: AMD)** and **NVIDIA (NASDAQ: NVDA)**, have enjoyed spectacular bull runs in recent years, largely fueled by Bitcoin-related demand.

THE BATTLE OVER BITCOIN

HOW TO MAKE A KILLING ON THE BIGGEST BULL MARKET IN HISTORY



But those bull runs are likely to end soon... after the upcoming block-reward halving on May 12, GPUs will no longer be powerful enough to mine Bitcoins profitably. The cost of electricity required to run GPU-based rigs will start to exceed the Bitcoin yields they can generate.

This was bound to happen sooner or later; after all, GPUs are designed to render complex 3D images, not mine cryptocurrencies.

Fortunately, there's a new type of computer chip that is taking the mining world by storm ahead of the block-reward halving — one that's specifically designed for Bitcoin mining.

It's called the application-specific integrated circuit, or ASIC. And there's one mining company building souped-up, ASIC-based rigs that will remain profitable (unlike most rigs) after the halving event.

That mining company is called **Canaan (NASDAQ: CAN)**, and it trades for less than \$5.

CANAAN: THE \$5 MINING STOCK SET TO MULTIPLY IN VALUE

Founded in 2013 and based in Beijing, Canaan is a specialized manufacturer of commercial mining computers.

Its AvalonMiner product line includes a variety of ASIC-based rigs with different levels of computing power, ranging in price from \$1,000 to \$2,000. All of them are powerful enough to profitably mine Bitcoins after the halving event, making Canaan unique among mining rig sellers.

In addition to selling rigs through its own website, Canaan partners with several major third-party rig retailers around the world, such as Austria's Cryptouniverse, the Russian Association of Cryptoindustry and Blockchain, and the U.S.-based retailer BlokForge. It also has a growing roster of individual sales agents.

The company is rapidly taking market share from its main rival, Bitmain, in the multibillion-dollar mining industry. This industry is projected to grow at a compound annual growth rate (CAGR) of 6.18% through 2024.

With this in mind, Canaan is set to return many times its value over the coming months, and now is the time to buy.

This May, when the block-reward halving renders other miners unprofitable, Canaan will cease to be such a secretive company — and early investors should be rewarded handsomely.

Buy Canaan (NASDAQ: CAN) up to \$5. The risk level is "Medium."

Technology & Opportunity © Angel Publishing 2020, 3 E Read Street, Baltimore, MD 21202. All rights reserved. No statement or expression of opinion, or any other matter herein, directly or indirectly, is an offer or the solicitation of an offer to buy or sell the securities or financial instruments mentioned. While we believe the sources of information to be reliable, we in no way represent or guarantee the accuracy of the statements made herein. *Technology & Opportunity* and Angel Publishing do not provide individual investment counseling, act as an investment advisor, or individually advocate the purchase or sale of any security or investment. Neither the publisher nor the editors are registered investment advisors. Subscribers should not view this publication as offering personalized legal or investment counseling. Investments recommended in this publication should be made only after consulting with your investment advisor and only after reviewing the prospectus or financial statements of the company in question. Unauthorized reproduction of this newsletter or its contents by Xerography, facsimile, or any other means is illegal and punishable by law.