HOW TO BUILD AND MANAGE A CRYPTO PORTFOLIO IN 2025

MILK ROAD

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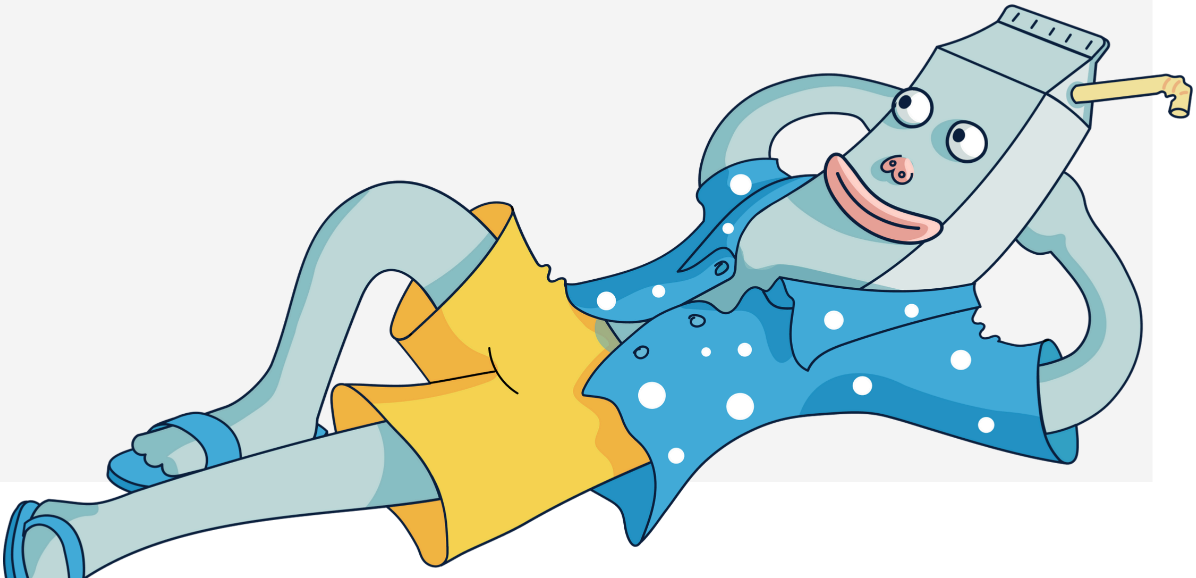


INTRO

Crypto is known to have higher returns in the last decade than any other asset class.

BITCOIN IS UP MORE THAN 31,000% IN THE LAST 10 YEARS

(I.e. $1,000 invested in $BTC back in 2014 would now be worth $310,000)

ETHEREUM MORE THAN 45,000% SINCE 2016

(I.e. $1,000 invested in $ETH back 2016 would now be worth $450,000)

AND SOLANA UP 14,000% SINCE 2020

(I.e. $1,000 invested in $SOL just 4 years ago would now be worth $140,000)

Crypto has made 1000's of millionaires and a few billionaires too.

Here's the exciting part: Crypto is only just getting started. Which means, there are still plenty of gains left to be had.

But how do YOU, as an individual investor, without a team of researchers or AI algorithms generate incredible returns too?

How do YOU ensure that you make the most out of the incredible upside that is left in crypto?

Well, that's exactly what this report is going to teach you. It's going to give you the tools to compete with the best of them.

Including:

- How to know what tokens to invest in and more importantly, when to buy them
- When to sell your tokens to lock in profits
- And how to allocate your portfolio on an ongoing basis to minimize risk and maximize upside

What's even better is: this guide is going to teach you a simple, proven framework that will allow you to do all of this on your own.

Now, before you even think about asking the question "what crypto tokens should I buy to 100x", you need to first understand what moves crypto markets.

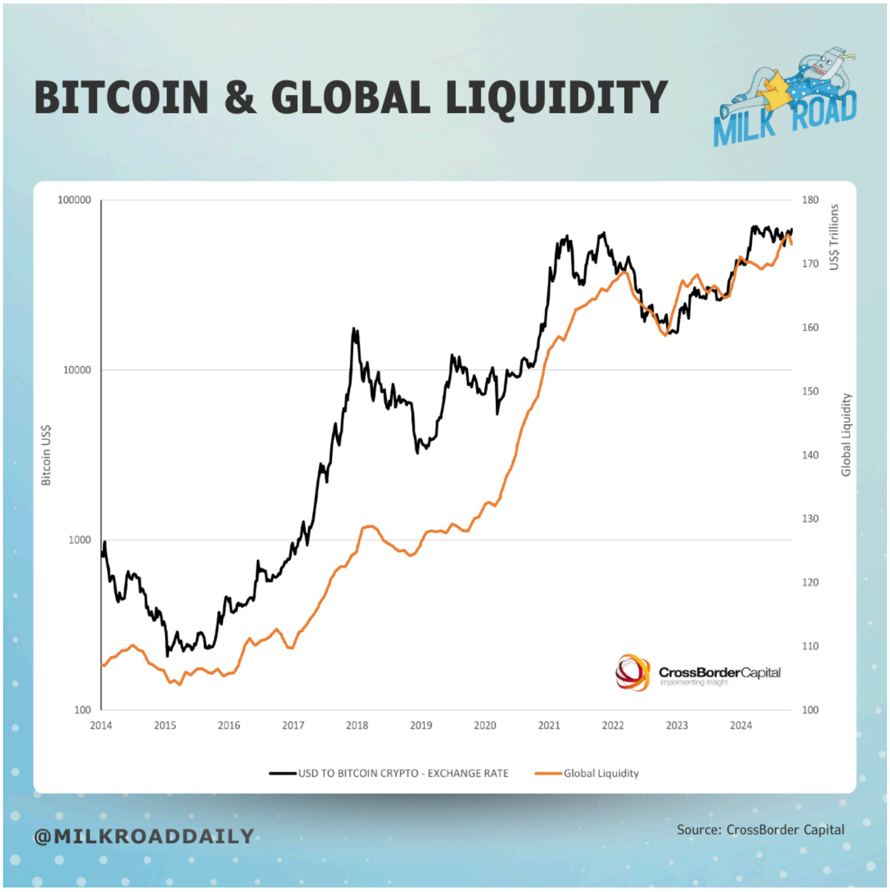
Once you understand what moves markets, you can implement a framework for your portfolio that takes the guessing out of when and what to buy and sell.

SO WHAT MOVES CRYPTO MARKETS?

It's not the Bitcoin halving! If you've heard that before, please remove that from your brain.

INSTEAD IT'S GLOBAL LIQUIDITY CYCLES.

Global liquidity is a measure of how much fresh cash is being injected in the global economy – and, as seen below, the correlation between crypto and global liquidity is uncanny.



To take things one step further, we also know what moves global liquidity - the business cycle. The business cycle is what moves ALL financial markets (ie. real estate, stocks, etc.) and has done so for multiple decades.

So, if you understand the business cycle, you understand the liquidity cycle, which means you understand the crypto market cycle. BOOM 💥

Ok… What The Heck Is The Business Cycle?

The business cycle is simply the growth of the world economy.

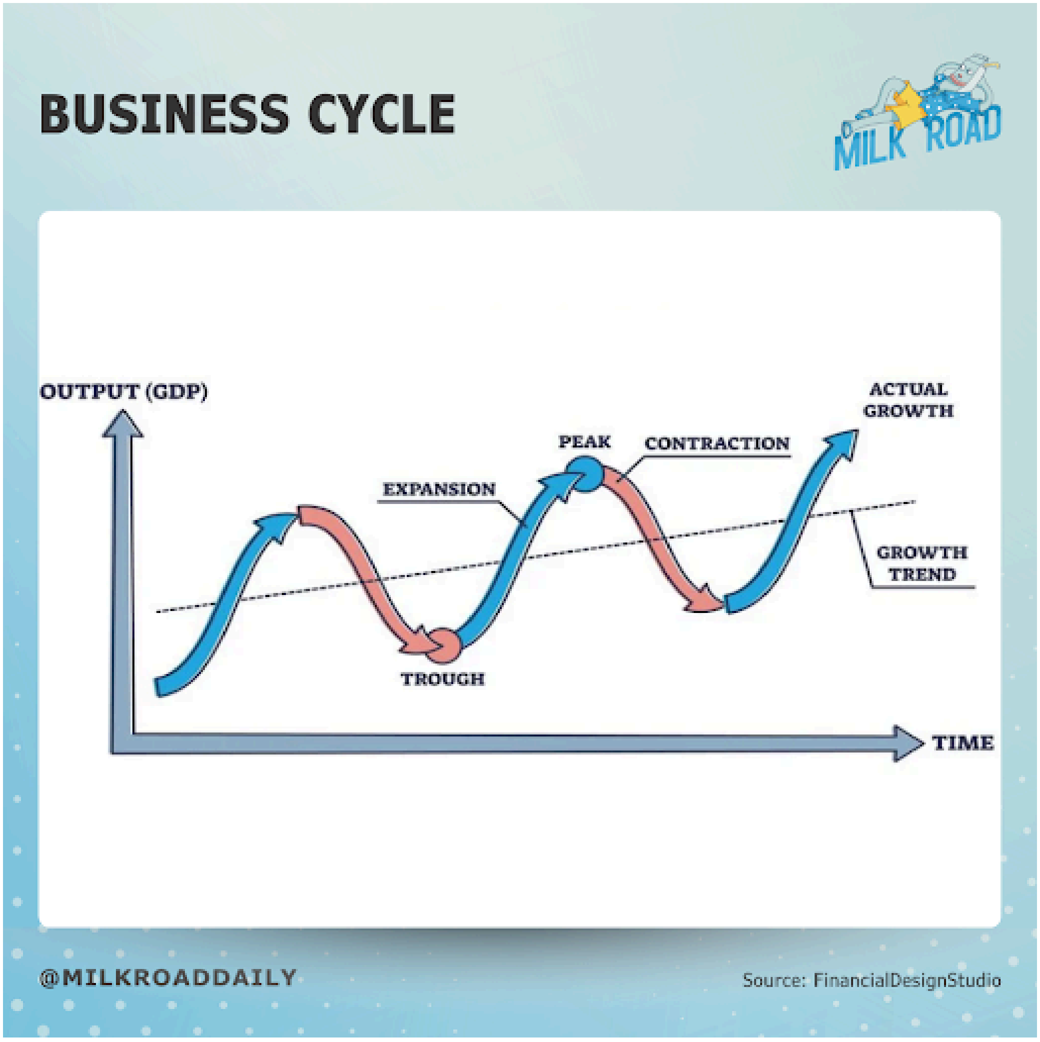
As the global economy expands, assets tend to expand too. When the economy contracts, so too do its assets.

It's a fairly simple concept that is often missed or misunderstood by investors.

The best part about the business cycle is that it's predictable. While assets are not necessarily predictable, assets that are correlated to the business cycle (like Bitcoin and crypto), become predictable.

AND THIS IS THE BASIS OF OUR INVESTMENT FRAMEWORK.

The business cycle (aka the growth in the world economy) looks something like this:

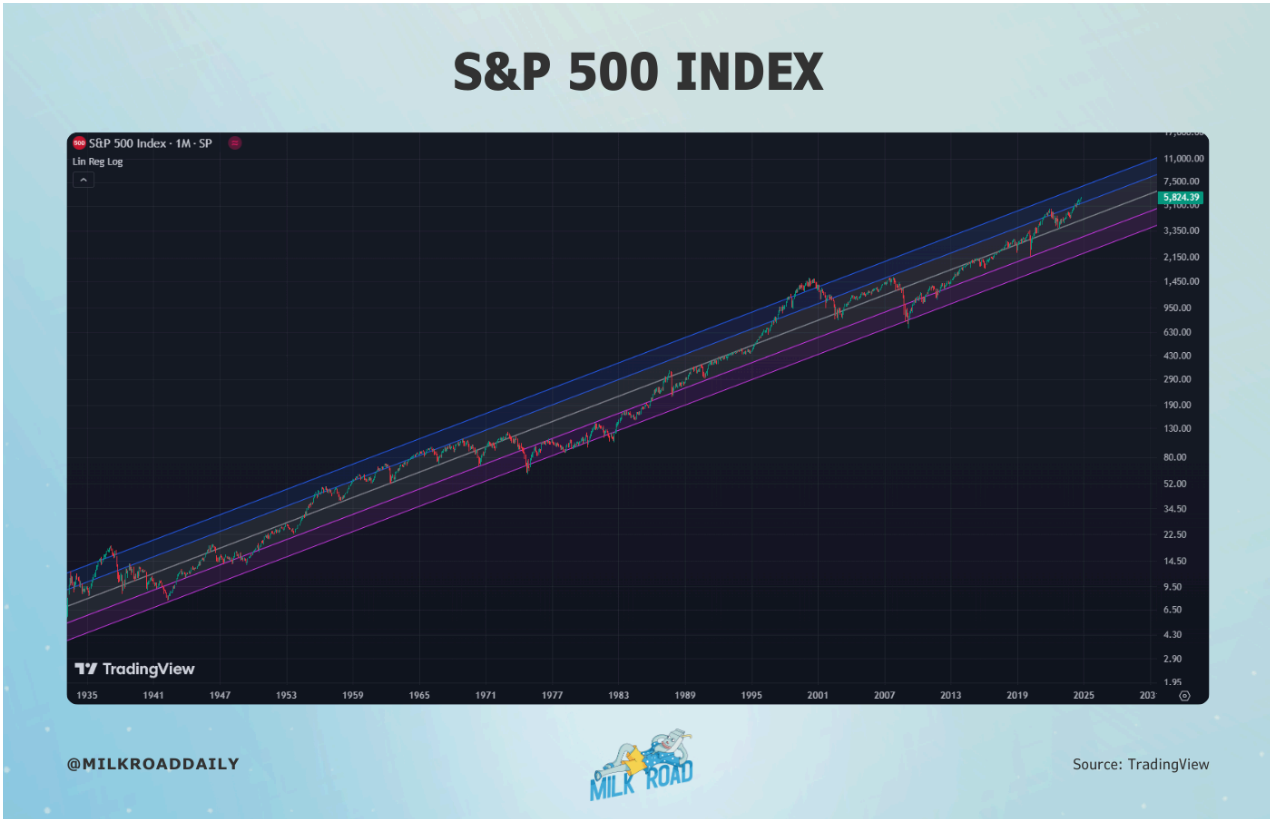


It has repeated in this same cyclical nature for decades and decades before this, moving up and down, but in the long-term, **always moving up and to the right in a secular trend (aka long-term trend).**

Of course, the business cycle is rarely a perfect trend as shown in the image, but when you zoom out **it's directionally correct.**

The key to this framework is understanding the business cycle and **investing in asset classes which are also in a secular trend** - benefiting from the growing global economy.

The S&P 500 for example - aka the top 500 US companies - have been in a secular trend for more than a century, fueled by American innovation, capital and influence globally. As the global economy grew, so too did US based companies.



Another example of a secular trend is the NASDAQ - aka technology stocks - with the invention of computers and the internet.

As the global economy expands and more of that economy moves onto the internet, tech stock's market caps expand too.

And finally, we have crypto in the early days of a secular trend of decentralized money and infrastructure.

As the global economy expands and more of that economy moves onchain, so too does the market cap of crypto.

While each of these asset classes are in secular trends and look like they only go up and to the right, they of course have aggressive ups and downs along the way.

THESE ARE THE CYCLICAL TRENDS LED BY THE BUSINESS CYCLE.

Understanding these cyclical trends are where the opportunity lies.

Depending on where we are in the cyclical trend (aka the business cycle) will determine how much risk you should take (or not take) in a particular asset class.

For the purpose of this report, we are going to focus solely on allocating to crypto assets throughout the business cycle.

THE STAGES OF THE BUSINESS CYCLE

As a reminder, the business cycle is simply the contraction and expansion of the global economy overtime.

There are 4 distinct stages of this cycle, **though it's never cut and dry as to which stage we are in** as various countries can be in different parts of the cycle at different times.

You can think of these stages as the 4 seasons:

SPRING, SUMMER, WINTER AND FALL.

P.S. this is not to be confused with the timing of actual weather-based seasons

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The seasons are understood based on what is happening in the economy in terms of growth (an increase in the production of goods and services) and inflation (the cost of goods and services).

The business cycle is cyclical because of the dynamics of growth and inflation and how central banks react to them by altering **interest rates and liquidity conditions.**

Yes, that was a mouthful, but bear with me here, it's actually not that hard – I promise!

TOO MUCH GROWTH TOO FAST = INCREASED INFLATION =

raise rates and tighten monetary policy to slow growth

Why? **Because there is more demand than supply.** Meaning, when an economy is growing, businesses are doing well and people are spending money.

As a result, to keep up with demand, **prices of goods/services begin to increase** (or, inflate).

To battle inflation, central banks will **raise interest rates and tighten monetary policy** to slow growth.

Meaning, banks will make it harder for people and businesses to take out loans and increase the payments on existing loans, **thus slowing down the amount of money available to be spent in the economy.**

If the economy slows down enough that the supply now outpaces demand, then prices go down, or most likely, **increase much less.**

Remember, the economy always goes up and to the right, it doesn’t remain flat, so growth and prices almost always rise, **it just depends on how fast.**

If growth is too slow, businesses start letting go of staff (aka unemployment rises), and people struggle to pay their mortgages, put food on the table, etc.

IN RESPONSE, CENTRAL BANKS LOWER RATES AND LOOSEN MONETARY POLICY TO STIMULATE GROWTH.

By loosening monetary policy, people's mortgages and car payments become cheaper, allowing them to buy more things and improving the bottom line of businesses, allowing them to hire more staff (aka unemployment decreases).

This of course takes us back up to the top of the cycle, where growth picks up, and inflation follows…before the whole process repeats once again 🔁

NOW, LET'S BREAK THIS BUSINESS CYCLE DOWN INTO ITS 4 SEASONS

SPRING - A DISINFLATIONARY BOOM:

Inflation is falling due to the previous season's tightened monetary policy, while at the same time growth begins to recover as the early stages of loosened monetary policy start to take effect. This is known as "early-cycle" and generally precedes the bottom in crypto markets.

SUMMER - AN INFLATIONARY BOOM:

Central banks continue to loosen monetary policy which started in the Spring and the economy really starts to pick up, entering an expansion zone. Inflation begins to rise and near the end of this phase central banks begin taking their foot off the pedal (aka still printing money, but in smaller amounts).

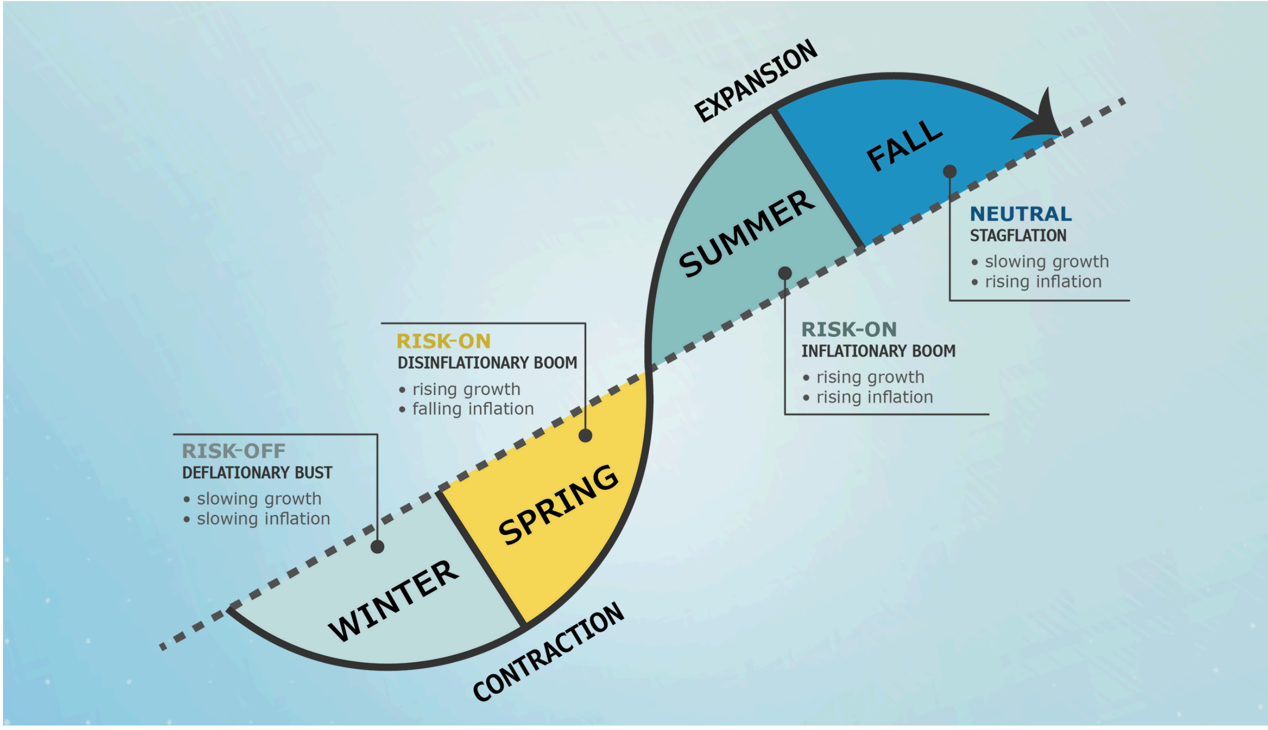
FALL - STAGFLATION:

Growth peaks as central banks completely take their foot off the pedal and begin to tighten policy toward the end of this phase. Inflation continues to rise but its rate of increase slows down. This phase generally marks the top in crypto markets and would be considered "late-cycle".

WINTER - A DEFLATIONARY BUST:

Monetary policy is as tight as it gets, slowing down the economy and forcing growth into its contraction phase while sending inflation lower. Times are tough and in some cases, these slowdowns lead to recessions.

PORTFOLIO ALLOCATIONS IN EACH STAGE OF THE BUSINESS CYCLE



Based on the season we are in, we want to allocate to our portfolio in different ways.

The main idea is to be completely risk-off heading into winter and risk-on heading into spring and turning it up moving into summer.

During Fall we want to start taking profits and preparing for Winter before it’s too late.

One thing to consider however is that **it’s rarely black and white in terms of which season of the business cycle we are in,** especially in the transition periods switching from one season to the next.

Additionally, you shouldn't expect markets to react perfectly to the changing seasons either, these are general guidelines and directions lasting 1 year+ for a particular season.

Over the entirety of the season, we believe the allocation strategy will work out, but **it doesn't mean it will look and feel that way** from the beginning to the end of a particular season.

Below is our **suggested allocation to different asset sectors in crypto** based on the season of the business cycle.

PORTFOLIO ALLOCATION PER SEASON

	WINTER	SPRING	SUMMER	FALL
STABLECOINS	>80%	<20%	0%	selling into
BITCOIN	<20%	>70%	<30%	<30%
OTHER MAJORS (ETH, SOL, COIN)	0%	<10%	50%	50%
ALTCOINS	0%	0%	>20%	>20%

LET'S WALK THROUGH EACH SEASON'S ALLOCATION TO CLEAR THINGS UP FURTHER, STARTING WITH WINTER.

WINTER

You want to be completely risk-off in the Winter, ideally before it even starts (tail end of fall).

By risk-off, we mean holding absolutely no altcoins and only the majors you plan to hold long-term, through the cycle.

Otherwise, you should be fully allocated to stablecoins and looking to figure out when to find the best and safest yield for the winter.

At the tail end of winter, you might start to DCA (Dollar Cost Average) back into Bitcoin or majors, but mainly your plan is capital preservation rather than trying to go risk-on.

SPRING

In spring it's time to shift some of our stablecoins into Bitcoin.

If good tokens that have potential to become majors ($ETH and $SOL) become extremely undervalued *(ie. SOL this cycle, ETH last cycle)* then allocating a small % of your portfolio makes sense here too.

Throughout Spring you want to **continue moving your stablecoins into Bitcoin and the majors).** Stay clear of alts here until a full, risk-on environment is getting close (aka summer).

SUMMER

Summer signals risk-on.

As Summer hits, you want to be fully out of stablecoins and allocated to risk-on assets. Your risk preference determines your allocation here.

Some may remain fully or highly in Bitcoin and that’s fine, but if you’re willing to take on more risk, this is the time.

Lean heavily into majors outside of Bitcoin and this is also the time to deploy into your favorite alts.

FALL

The start of fall tends to be the craziest part of the cycle, but also includes the top and begins the downtrend.

This is a very difficult season and it's usually tough to find the exact top.

Instead, **start taking profits in fall and prepare to be risk-off by the end**, don’t try and time the top.

By the end of Fall, you want to be fully out of alts and holding nothing but stablecoins and long-term multi cycle tokens like Bitcoin (if you chose to do so).

Which Season Are We In Now (January 2025)?

We couldn't finish this report without giving you our take on where we are within the business cycle and thus, how to allocate today based on our framework.

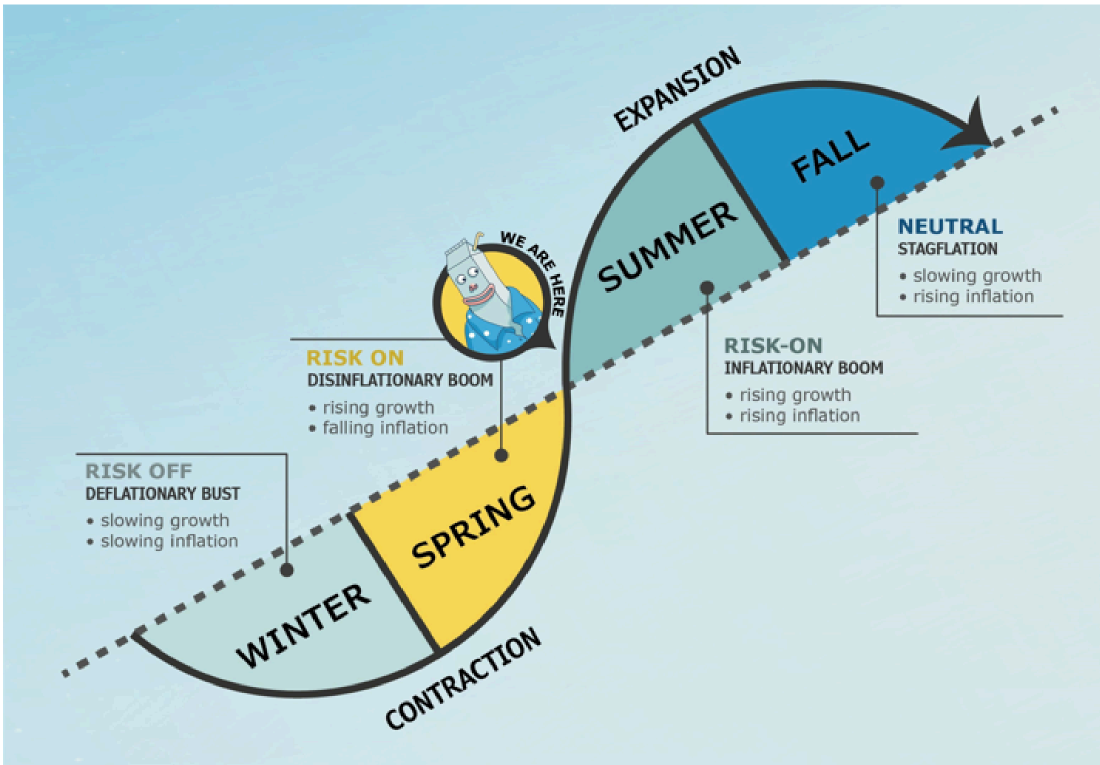
As I mentioned above, it's never cut and dry as to where we are in the business cycle. There are many economic data points that tell us how the economy is functioning – **things like:**

- ISM Manufacturing Index
- CPI (consumer price index)
- GDP
- Unemployment
- Global Liquidity
- and plenty more

In addition to the data, there's also trying to understand what the market and more importantly what the central banks are thinking about the data and how they are going to act on it.

Oftentimes the data and **the central bank's actions trail the reality of the economy**, as markets tend to be more forward looking, which is what makes things so difficult.

Regardless: **We believe we've just finished Spring and are currently in the early days of Summer as shown in the picture below.**



We believe this because, **while inflation continues to slow, growth still looks fairly strong** (and should begin to pick up with rate cuts and liquidity beginning to pick up).

Our **MILK ROAD PRO PORTFOLIO** which showcases the 12 assets we currently invest and update on an ongoing basis as we make changes, is already positioned for summer. If you'd like to take the guesswork out of which tokens to invest in, we highly recommend you **go PRO** to access our portfolio.

As we enter Summer, the framework suggests we should be as risk-on as possible (based on our unique risk appetite).

We should be comfortable with pullbacks in the early stages of Summer **and only getting defensive as we start to see the trends move into Fall.**

By the way, **the picture on the previous page is shared every week in the Thursday Milk Road newsletter for PRO members only** as part of our "Where are we in the cycle" indicators.

We update the location of the Milk Man along the cycle as we see changes in the economic data and update our view of where we are in the business cycle.

What You NEED To Know

Most investors think that the real money is made in finding the *"next big token"*...

It's not.

It's about allocating capital and taking profits at the right times.

During Summer you can close your eyes, randomly pick 10 tokens in the top 100 on CoinGecko and you will likely do well on most of them.

But understanding every token to this level is not easy, unless you research and analyze the space full time (or become a [Milk Road PRO] **member, at 20% off,** and have us do it for you - DUH!).

So, focus on allocating at the right times, to the right types of tokens (ie. Bitcoin, majors, alts, and stablecoins) and doing the same with taking profits.

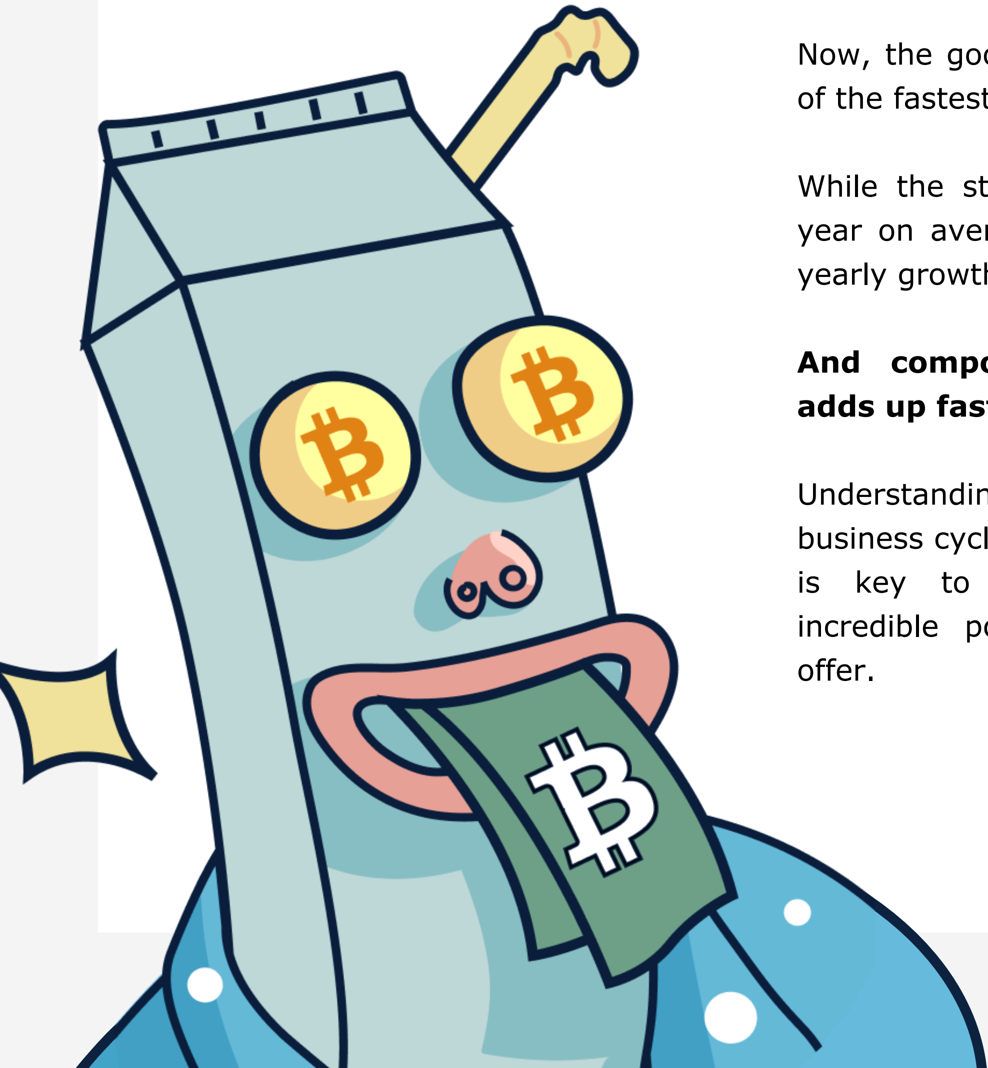
We believe you can make incredible returns with this strategy, **even if choosing the worst of tokens!**

The key is compounding these results, season over season, cycle over cycle.

When most people first start investing, they think they'll get rich quick…especially those in crypto. But that's rarely how it works.

Most of the riches you hear about on Twitter or TikTok are lies. **They are unrealized gains, or simply made up.** The real wealth is made in compounding results over time.

It took Warren Buffet, the best investor in the history of the world, **40+ years of investing before he managed to become a billionaire.**



Now, the good news is that crypto is one of the fastest wealth generation tracks.

While the stock market goes up 10% a year on average, Bitcoin has an average yearly growth rate of 150%!

And compounding 150% per year adds up fast. *Real fast!*

Understanding the seasons of the business cycle and allocating appropriately is key to taking advantage of the incredible potential that crypto has to offer.

IF YOU WANT TO INCREASE YOUR UPSIDE AND ACHIEVE YOUR WEALTH GOALS EVEN FASTER BY INVESTING IN THE RIGHT TOKENS, THEN MILK ROAD PRO HAS YOU COVERED ONCE AGAIN.

Not only do we update PRO members weekly on where we are at in the business cycle, but we also share our entire **live portfolio**, breaking down the exact tokens we hold, what we are watching and what % allocation each token makes across our entire portfolio.

We're essentially handing the answers to successfully investing in crypto to investors on a silver platter.

You can take the information shared above and DYOR or you can let us do the research for you by **going PRO** today **(and getting 20% OFF)!**

Whatever you decide, we hope that you manage to take advantage of one of the greatest wealth creation opportunities of our lifetime.

We hope this new framework will help you allocate and make better decisions throughout the crypto cycles.

Good luck out there!

The Milk Man