

Name _____

Cryptocurrency as an Investment: A Magical Adventure or a Risky Journey?

Short Answer Key

1. Decentralization in cryptocurrency means that it operates on a network of computers with no central authority controlling it. Transactions are validated by a decentralized network, enhancing security and independence.
2. Potential advantages of including cryptocurrency in an investment portfolio include diversification, exposure to a non-correlated asset class, and the potential for high returns.
3. One risk associated with the volatility of cryptocurrencies is the potential for significant price fluctuations, leading to potential losses for investors.
4. Education is important for investors interested in cryptocurrency to understand how it works, the technology behind it, the associated risks, and how to manage and secure their investments.
5. Consulting with a financial advisor can be beneficial before investing in cryptocurrencies because they can provide tailored guidance based on an individual's financial situation and goals.

