

Name _____

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

Open-Ended Response Answer Key

1. (Sample answer) Including cryptocurrency as part of a diversified investment strategy can provide potential benefits such as diversification, exposure to a non-correlated asset class, and the potential for high returns. However, drawbacks include high volatility, lack of regulation, and the need for a deep understanding of the technology and risks.
2. (Sample answer) Individuals might be drawn to cryptocurrency investments because of the potential for high returns, the idea of financial independence from central authorities, and the excitement of being part of an emerging technology.
3. (Sample answer) Cryptocurrency investments might be suitable for a long-term investor who believes in the long-term potential of a specific cryptocurrency and is willing to withstand short-term price fluctuations.
4. (Sample answer) To protect their cryptocurrency investments, individuals can use secure digital wallets, enable two-factor authentication, store private keys offline, and stay vigilant against phishing and hacking attempts.

