
THE CRYPTO CRASH: WHAT HAPPENED, AND IS THIS A FRESH OPPORTUNITY?

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On this week's episode of the *Behind the Markets* podcast, Eric Ervin, CEO of Onramp Invest, a [crypto](#)-asset technology platform, and Benjamin Dean, Director of Digital Assets at WisdomTree Europe, joined regular host Jeremy Schwartz, Global CIO (Chief Investment Officer) at WisdomTree. They discussed:

- Onramp's completion of a new fundraise, and Ervin discussed the environment for fortifying Onramp's capital amidst the current drawdown in crypto—a time when venture capitalists are starting to become more cautious. Ervin believes this critical stress test and having to manage a crypto business when capital is sparse will make Onramp leaner but ultimately stronger and able to thrive.
- Ervin took over the CEO position two months ago and had the challenging task of managing costs that had become too unwieldy for an early-stage company while also having to complete a sufficient capital raise to bolster capital and runway for the business. With the balance sheet fortified and costs now more properly right-sized, Ervin sees opportunity ahead for the RIAs (Registered Investment Advisors) community.
- WisdomTree was an early investor in a prior capital raise since we see Onramp Invest as a useful technology platform that can enable financial advisors to access direct exposure to crypto assets, specifically with strategies designed to track WisdomTree crypto Indexes or blended Model Portfolios of traditional assets and crypto assets.
- WisdomTree's crypto team is building a suite of Indexes to target specific themes within the crypto economy, but the [RWM WisdomTree Crypto Index \(RTREE\)](#) that is currently available to be licensed via Onramp Invest is a broad-based Index representing more than two-thirds of the crypto market capitalization. More information on the Index constituents can be found [here](#).
- During the strong [bull](#) market in crypto, many advisors felt they missed the large run, and now with a big drawdown, a natural tendency is to hunker down and be cautious. The guests and Jeremy discussed how advisors might want to think about crypto in a portfolio framework, and Ervin outlined a rule of threes that he likes to use as a rough guide for advisors:
 - No more than 3% of a total portfolio
 - No less than a three-year time horizon for evaluating success
 - Dollar-cost average into the ecosystem with 3% of discretionary income
 - Ervin likes rules-based allocation systems instead of more discretionary trades
- In this podcast, we discussed the latest events and the de-pegging of the \$UST ([TerraUSD](#)) algorithmic [stablecoin](#).

If you are interested in learning more about WisdomTree's crypto Indexes, please email crypto@wisdomtree.com.

You can listen to the full conversation with Eric Ervin and Ben Dean below.

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Home

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Crypto assets, such as bitcoin and ether, are complex, generally exhibit extreme price volatility and unpredictability, and should be viewed as highly speculative assets.

Crypto assets are frequently referred to as crypto "currencies," but they typically operate without central authority or banks, are not backed by any government or issuing entity (i.e., no right of recourse), have no government or insurance protections, are not legal tender and have limited or no usability as compared to fiat currencies. Federal, state or foreign governments may restrict the use, transfer, exchange and value of crypto assets, and regulation in the U.S. and worldwide is still developing.

Crypto asset exchanges and/or settlement facilities may stop operating, permanently shut down or experience issues due to security breaches, fraud, insolvency, market manipulation, market surveillance, KYC/AML (know your customer/anti-money laundering) procedures, noncompliance with applicable rules and regulations, technical glitches, hackers, malware or other reasons, which could negatively impact the price of any cryptocurrency traded on such exchanges or reliant on a settlement facility or otherwise may prevent access or use of the crypto asset.

Crypto assets can experience unique events, such as forks or airdrops, which can impact the value and functionality of the crypto asset. Crypto asset transactions are generally irreversible, which means that a crypto asset may be unrecoverable in instances where: (i) it is sent to an incorrect address, (ii) the incorrect amount is sent or (iii) transactions are made fraudulently from an account. A crypto asset may decline in popularity, acceptance or use, thereby impairing its price, and the price of a crypto asset may also be impacted by the transactions of a small number of holders of such crypto asset. Crypto assets may be difficult to value, and valuations, even for the same crypto asset, may differ significantly by pricing source or otherwise be suspect due to market fragmentation, illiquidity, volatility and the potential for manipulation.

Crypto assets generally rely on blockchain technology, and blockchain technology is a relatively new and untested technology that operates as a distributed ledger. Blockchain systems could be subject to internet connectivity disruptions, consensus failures or cybersecurity attacks, and the date or time that you initiate a transaction may be different than when it is recorded on the blockchain. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. In addition, different crypto assets exhibit different characteristics, use cases and risk profiles.

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View the online version of this article [here](#).

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You cannot invest directly in an index.

DEFINITIONS

Cryptocurrency : a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

Bullish : a position that benefits when asset prices rise.

Terra : Stablecoins are cryptocurrencies the value of which is pegged, or tied, to that of another currency, commodity or financial instrument.

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