

## Investing Problems, The Solution is a Better Currency

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### ***The Problem(s)***

Volatility and inflation are two of the most common threats to the wealth accumulation of most investors. These investing problems can be overcome. The solution is a better currency.

Some investors specialize in making money from volatile investments. For most people, dramatic changes up and down in the value of an investment are justifiably frightening. High volatility means there is a proportionally high probability of an investment losing value. Extreme volatility is a gluttonous monster that devours your wealth and is always ready to eat more.



Man-eating Plant (c) Wickerwood used under license with DepositPhotos.com

In the movie *Little Shop of Horrors*, the shopkeeper Seymour nurtures a man-eating plant that continually pleads with him to “Feed me.” No matter how much the plant is fed it is always hungry for more. Volatility is always hungry for more of your wealth, no matter how much it has already eaten.

### ***Investing Secrets***

The secret to making money from investments is simple. Buy low and sell high. Just because it’s simple doesn’t mean it’s easy.

Few people are willing to take on the risks that come with “Puts.” For most of us it seems counterintuitive to borrow something you don’t own and sell it at a high price, hoping that the price will drop and you can then buy it at a low price and give it back to its owner. This is what a Put, or “shorting” an investment involves.

Instead of Puts, many people try to time the market. They buy when the price appears to be going up, hoping that it will continue up long enough for them to sell it to someone else before it goes down. This is known as the “Greater Fool” investing model. You hope that someone else is a greater fool than you and will buy the investment from you before it crashes. The fancy term for this is “market timing.”

Still others embrace “dollar cost averaging.” In this investment model, they keep buying regardless of the price. The notion is that sometimes you overpay, sometimes you get a bargain. The hope is that, in the end, your bargains earn more than you lose when you overpay.

### ***Devastating Crypto Volatility***

From November of 2021 to July of 2022 Bitcoin lost about two-thirds of its value. For anyone counting on Bitcoin sustaining or increasing above the November 2021 valuation of about \$60k this volatility has been devastating. The crash has been worse for most other crypto investments. In total the Crypto market cap has dropped from about \$3 trillion dollars to less than \$900 billion in just over six months. That is \$2 trillion dollars of wealth that has been devoured by volatility.

### ***Safe Currencies?***

Most investors try to avoid highly volatile investments. Those who seek them out find ways to lock in their gains and cut their losses short. The most common way they do this is to move their gains into cash. They use so-called safe-haven currencies like the US Dollar, the Swiss Franc, and the Japanese Yen. We consider these currencies “safe” because they usually enjoy low inflation rates. This makes them both stable and very liquid. Stability means that losses come from low rates of inflation. The liquidity means that you can quickly pull that money out of storage and put it into another investment. You can do that without incurring significant transaction costs.

Very often, the least volatile investment of choice is the US Dollar (USD), i.e., cash. Unfortunately, the USD, like most common fiat currency, is designed to lose value over time through inflation. When inflation shoots up, it takes a big bite out of the buying power of your wealth.

## ***Inflation Zombies***

Inflation is like having an uninvited house guest who takes a bite (one or more) out of every dish you serve (your wealth), before you can eat any of it yourself. As long as you store your wealth in fiat currency your unwelcome guest never stops eating your wealth. This uninvited houseguest is an economic zombie. Like their fictional counterparts, they relentlessly and slowly shuffle along in a mindless quest to devour your wealth.



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*Figure 2 Inflation Eats Your Fiat Currency Based Wealth*

In 1966 the economist Alan Greenspan said, “In the absence of the gold standard, there is no way to protect savings from confiscation through inflation.” The work of the Federal Reserve and most central banks is to keep inflation within levels people with tolerate. In short, they want to confiscate your wealth in small enough bites that you won’t take your wealth and move it out of their currency.

If you can’t safely store your wealth in fiat currencies because inflation eats it, and you can’t store it in stocks and bonds because of volatility, where can you store it? How do the folks who are filthy rich protect their wealth from volatility and inflation? They store it in real estate.

## ***Real Estate and Wealth***

*“Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined.”*

Andrew Carnegie

Successful investors know that real estate is one of the best investments to preserve wealth. It hedges against both inflation and volatility.

## ***Real Estate Tames Volatility and Inflation***

### ***Volatility Taming***

Although the value of real estate goes up and down in specific markets, over time it has an impressive upward trend. This marked lack of spikes, up and down, is the opposite of volatility. It is stability. It means that wealth, invested in real estate, continues to grow over time.

### ***Taming Inflation***

From 2001 through 2021 inflation averaged about 2.2% per year. During that same time the average home value grew by about 3.9% per year. Since 2021 inflation has surged to more than 8%. At the same time median home values have increased by more than 24% (see Barriers to Entry below). An investment that increases in value at a rate faster than inflation is the definition of taming inflation.

Unfortunately, investing in real estate brings with it several significant problems.

### ***Barriers to Entry***

Real estate generally requires a substantial investment. This is a barrier that keeps many people from investing in real estate. At the low end of real estate investments, at the end of 2021 a single family residence in the USA had a median value of \$360,500 (according to MSN). According to the St. Louis Federal Reserve, in May the median price had surged to \$449,000. Since then, the upward trend has continued, although it may be hitting a plateau.

If you buy one of these homes as an investment, perhaps you can get a loan for as much as 90% of the purchase price. If you disclose that it is an investment, most lenders won't lend you more than 70% of the purchase price. This means you need from \$50k to \$150k just to get in the game. Most people don't have that much cash lying around available for dropping into one investment. And, if that is all they have, they will likely lose it soon because buying a house is just the beginning of the expenses you pay to maintain it.

### ***Lack of Liquidity***

When you invest your wealth in real estate it is typically locked up in the investment for a long time. Storing your wealth in real estate isn't like dropping a wad of cash into a wall safe. You can't get it out quickly and easily. Opportunities may be lost because you can't quickly convert your real estate wealth into cash wealth. You might find yourself in the same boat with most real estate investors and be "land rich and cash poor."

Many real estate investors have an admirable net worth. Unfortunately for them, sudden, unexpected bills find them with very little cash reserves and no way to quickly tap their real-estate based net worth. That situation can destroy your finances. Because of this, real estate is not a liquid investment. You can't easily "pour" it from one opportunity into another. Illiquidity is a major barrier to entry for anyone who may have a sudden need or opportunity to use their wealth.

### ***Real Estate Risks***

Reliably growing wealth through real estate is known as a way to "get rich slowly." Turning real estate into a revenue producing asset (and sustaining that revenue) is costly, complicated, and involves many risks specific to that business. The risks and complexity of real estate are significant barriers to entry for many. Not everyone can afford the time and money it takes to learn how to effectively manage these risks.

### ***Universal Real Estate Stable Coin™ (URESCu™ or CuBit™) as Wealth Storage***

When you store your wealth in CuBit™ you are depositing it into the treasury of Universal Wealth Protection Solutions, LLC™ (UREWPS™, the Company). UREWPS™ sets aside 35% of your wealth to remain liquid. The other 65% is invested in real estate.

UREWPS™ teams up with qualified real estate investors in distinct markets. In partnership with them, we buy and manage revenue producing real estate. We use the revenues from these properties to pay our costs and the appreciation in real estate value fuels the increasing value of your wealth.

The stability of the real estate protects your wealth from volatility.

You get a home for your wealth that is protected from the ravages of volatility. At the same time, it is

protected from inflation. You get all that without you having to learn to become a real estate expert. We manage the risks so that any adverse impacts to you are few and small.

You get all this and your wealth is still liquid. Because your wealth is not locked into any specific real estate investment it is available for quick and efficient access with negligible transaction costs or delays.

### **Conclusion**

Most people without a lot of money are unable to benefit from investing in real estate. Many people who have lots of money avoid investing in real estate because of their own inexperience with the risks and the problems with liquidity just mentioned.

*CuBit*<sup>™</sup> is a virtual currency backed by the value of real estate. It gives you some of the important benefits of real estate investing. It also insulates you from most of the problems of direct real estate ownership. This means, you can benefit from real estate without becoming an expert in real estate by storing your wealth in *CuBit*<sup>™</sup>.

### **Disclaimers**

Although the design of *CuBit*<sup>™</sup> incorporates inherent protections against volatility and Universal Real Estate Wealth Protection Solutions, LLC<sup>™</sup> (UREWPS<sup>™</sup>, the Company) is committed to support the asset-based valuation of *CuBit*<sup>™</sup>, as with any currency there is nothing to prevent speculators from taking unforeseen actions which might cause the price of *CuBit*<sup>™</sup> to vary without reference to the underlying value proposition. The Company cannot prevent and is not responsible for the actions or results of such speculative behaviors.



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