Cloak - Why invest & hold?

 6% return annually (through stakings) / Cloak as a value storage

Which investment yields a 6% return annually? Interest rates are close to zero or even negative, stock dividend yields move at around 2-4% annually (for top stocks).

Cloak offers 6% annually

All you need to do is to stake your Cloakcoins once a month. Proportionately one receives the interest which one can either stake again, invest elsewhere or exchange for fiat.

For example:

Cloak price: 10$
Cloak investment volume: 10 000 coins

6% annually would mean 600 coins, at an average price of 10$ would mean 6000$ profit a year.

Cloak price: 50$
6% annually would mean 600 coins, at an average price of 50$ would mean 30000$ profit a year.
That's already the average annual income in many industrialized countries.

Compared to a fiat investment at a bank with at most 1% interest (more likely to be less in reality):

100$ profit per annum, with an investment of 10 000$.

Summary:

Investment in fiat: 0-0.5% return at an inflation of 1.5-2% = actual outcome is Negative.

Investment in stocks with dividend yield of 2-4%, after inflation 1.5-2%: profit -0.5-2%
Stocks like crypto-assets are subjects to price fluctuations.

Investment in Cloak (crypto-asset): 6% "interest/dividends" through stakings, inflation adjusted 4-4.5%. actual profit!

□ **Anonymous transactions**

Need to transfer over 10000$ internationally? The bank is asking where the money comes from, before the transaction is executed. Or even the fiscal authorities might get into it.

No problem with Cloak! International transaction can be executed anonymously (with Enigma) and reach the receiver usually in less than a minute (Cloak Blocktime: 60s)

□ **1.8% additional return through Enigma transactions**

At the moment Enigma transactions cost the sender 1.8%, which however should change in the foreseeable future to become the standard and free of charge.
Compare it to an international bank transfer: Standard fees of approximately 12$ + additional charges, and at least 2-7 working days.
Enigma can be used without charges and fees soon.

Whose wallet helps with an enigma transaction, gets the correspondent enigma fee allotment for the part of the transaction.

□ **Staking vs PoW**

Staking is even possible on a Raspi minicomputer or any other computer that is available in the houshold (e.g. Laptop)! Staking is possible once a day, once a week, one a month, once a year. No stakeinterest is lost!

PoW You have to invest in expensive mininghardware that can cost you thousands if not hundreds of thousands of Dollars. The difficulty is high you will not be really successful with a few GPUs or one SHA256 Miner. And in most cases the power costs will kill your earnings easily.

☐ **Transaction costs compared to BTC or LTC**

The regular transactions costs of 0.01 are made up with the staking easily. The transaction costs might be in some cases a little higher, in case many small blocks should be transferred. Nevertheless, in most cases the staking gains offset the transaction costs and therefore virtually non-existent.

☐ **Cloak vs BTC or ltc as a store of value**

Bitcoin and Litecoin have their eligibility as store of value like gold and silver do. In common, they also have that their mining is laborious and costly.

Additionally neither bitcoin nor litecoin give their holders returns, only price advances lead to capital gains.

That's different with Cloak. Increase in value for the number of coins in position through a moderate inflation of 6% per year. The real inflation relating to the total number of Cloakcoins however is less than 6% per year, as coins which are held on exchanges are usually not staking and some wallets may have been forgotten in the course of time.

☐ **Cloak PoS vs ETH PoS (is going to adapt PoS soon)**

PoS staking is active with the first cloak in your wallet and gives you 6% per year.

1 Cloak => 0.06 Cloak p.a.   (Investment at current Cloak Price about 6-7 $)
10 Cloak => 0.6 Cloak p.a.   (Investment at current Cloak Price about 60-70 $)
100 Cloak => 6 Cloak p.a.   (Investment at current Cloak Price about 600-700 $)
1000 Cloak => 60 Cloak p.a.   (Investment at current Cloak Price about 6000-7000 $)

The staking interest is calculated on a percentage basis and is the same for all Cloak coins, totally independent of the number in your wallet. Only the value of your investment decides over the quantity of gained coins, there will always be 6% on the number of coins in possession.

Ethereum is planning to switch to PoS which is principally a good decision. However there is a catch in it from the point of view of a new investor:

At Ethereum there is a minimum investment discussed, which decides if staking is even possible. This minimum investment in Ethereum is expected to be between 1250 ETH and 1500 ETH.

A simple calculation shows that it is almost impossible for many new investors, but also existing holders, to enjoy staking rewards.

At the moment the price of ethereum is around 220$/ETH. This would require a minimum investment of 275000 $ to be able to stake. Profiteers are definitely the investors which have been

invested big in ethereum from the beginning or have bought for considerably less than 10$. Even ethereum enthusiasts who only hold a couple ETH will be left behind and with nothing.

About PoS in general:
PoS staking shall contribute to generate new blocks, and hold the network stable and safe. The more wallets are online, the more users are staking, that leads to higher security and also makes it less likely to be hit by a 51% attack on the network. If there is a minimum contribution necessary, so does it not only leave out the majority of investors from PoS, but in our opinion also leads to a certain degree of centralization.

☐ **Decentralized anonymity (Cloak) vs centralized anonymity with Masternodes (Dash)**

Cloak uses decentralized anonymization from transactions with Enigma. Every single wallet is from the first cloak an Enigma node, which is in competition with all the other wallets, to help the anonymization of an transaction with Enigma.

Every wallet is equal and can to the maximum quantity of cloak in your wallet help with Enigma transactions.

For example:

When a request of 250 CLOAK comes in for an Enigma transaction, all wallets that hold 250 Cloak or more can help to conceal this transaction. The available wallets get randomly chosen, everyone has the same chance.

Dash uses Masternodes. Only these nodes, which require the user to hold at least 1000 Dash can be used for anonymous transactions. That leads to a certain degree of centralization, and as a sender one has to rely on that with this node point everything works cleanly.

To operate one Cloak Enigma node one needs a minimum of 1 Cloak (amount invested at the moment around 6-7$, the more the better), whereas with Dash one needs a minimum of 1000 Dash (amount to be invested at the moment around 190000-200000$). It should be difficult for many new investors in crypto to raise this sum.

Significant gains through substantial rises possible – occasional temporary price loss should also be considered.