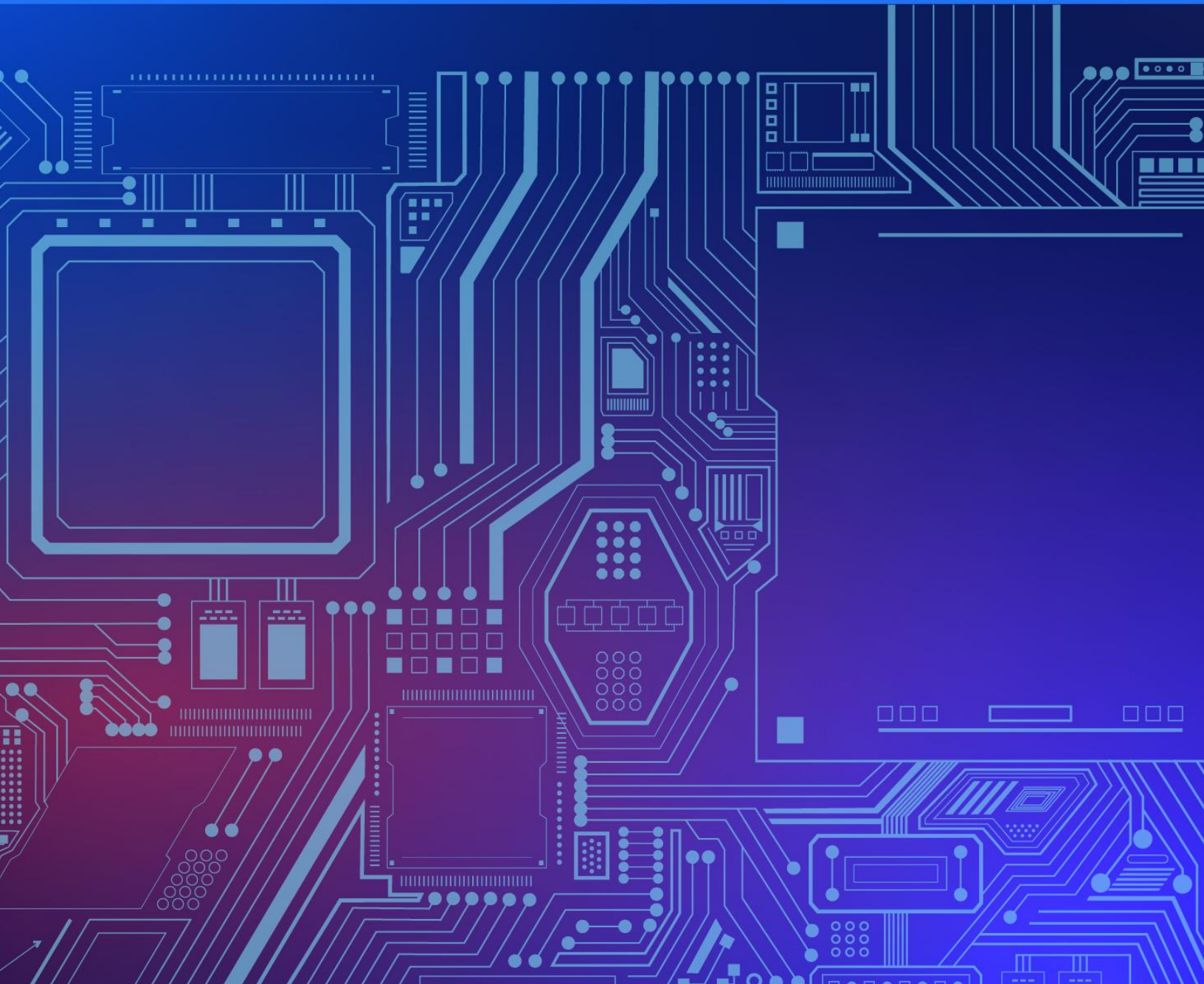


YIELD FARMING

LEARN EVERYTHING YOU NEED TO KNOW TO MAKE MONEY IN THE EXCITING WORLD OF YIELD FARMING!



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Introduction

You can't work with cryptocurrencies without running into a sea of buzzwords and jargon.

DeFi, blockchain, AMM, smart contracts, staking, and liquidity pools, to name just a few.

And then we have yield farming— a term that's taken the DeFi community by storm since 2020.

But what does it all mean and, more importantly, how can you profit from it?

Of course, the main reason people enter the world of yield farming is to make money. That stands to reason. But if you don't know what you're doing, you're more likely to get burned while savvier investors make their fortunes.

There's no way around it; you need to learn how to navigate the tides of cryptocurrency to find that often buried treasure trove.

Yield farming isn't "money for nothing." You do need to know what you're doing if you expect to make any money at it, just as with any other form of investing.

It is, however, **passive income** so once you get things set up you'll be able to enjoy the freedom of automated income.

It's true; you may run your ship against the rocks—but on the other hand, you may sail into port with a hold full of crypto.

With the information found in this special report, you'll increase your chances at being prosperous in this exciting new world.

Let's begin!

Yield Farming Explained

In the simplest terms, yield farming is an investment strategy.

It involves lending or staking your cryptocurrency coins or tokens to get rewards in the form of a percentage of transaction fees or fixed or variable interest yields.

If you walk into a brick-and-mortar bank and take out a loan with fiat money, you're expected to pay back that loan in a certain amount of time, and to pay with interest.

The principle with cryptocurrency is the same, only there's no actual money changing hands. It's all virtual.

With yield farming, you will be the one providing what's called a **liquidity pool**—the assets others will be borrowing at that interest rate we talked about.

This makes you the liquidity **provider**. Your yield will typically be paid out in crypto, although certain platforms also reward you with governance tokens.

Yield farming is part of Decentralized Finance (DeFi), and so there is no third-party intermediary overseeing these virtual loans.

Let's think about that brick-and-mortar bank again. If someone wanted to trade dollars for euros, a real-world bank would act as intermediary, finding a source of euros and the current price for such a transaction.

It's different in the crypto world.

When yield farming was first introduced, investors could stake stablecoins, which are cryptocurrencies pegged against reserved assets like the US Dollar, other digital assets, or exchange-traded commodities like gold.

Unlike digital assets like Bitcoin or Ethereum, which are volatile, stablecoins remain stable because they are pegged with real-world items.

Examples include Tether (USDT), USD Coin (USDC), or Indonesian Rupiah Token (IDRT).

Today, however, many of the most well-known decentralized protocols run off the Ethereum network. This allows them to provide those governance tokens as an option for liquidity mining.

A governance token is a cryptocurrency that represents voting power on a blockchain project. These tokens can then be traded on either centralized or decentralized exchanges.

So, yield farming basically involves lending cryptocurrencies via the Ethereum network.

Your cryptocurrency, which would otherwise just be sitting around in your wallet, is lent out using DeFi protocols to get returns.

Or, in Ethereum terminology, your crypto is *locked* into smart contracts, which are contracts that are expressed as a piece of code designed to carry out a set of instructions (like exchanging one crypto for another or collecting on a crypto loan).

The difference between the virtual smart contract and the brick-and-mortar bank, remember, is that the smart contract needs no middleman.

There's no person or company holding your information or verifying it. The blockchain verifies everything and keeps a permanent record for you.

And there's no doubt about it; with the current price appreciation impacting the overall crypto market, the practice of yield farming is only going to continue to grow.

Understanding Yield Generation

The first step in yield farming is the one where you add cryptocurrency to a liquidity pool.

This is essentially a smart contract that holds such funds. The funds are normally in the form of stablecoins linked to the US Dollar, such as DAI, USDT, USDC, etc.

These pools will then create a marketplace where users can lend, borrow, or exchange tokens without an intermediary. As soon as you add funds into a pool, you're officially a liquidity provider—a yield farmer.

But what's in it for you? Why should you lock up your funds in this pool in the first place?

Well, you'll be rewarded with fees generated from the underlying DeFi protocols.

It's not easy money by any stretch of the imagination. You need to know what you're doing and be familiar with the Ethereum network.

Experienced yield farmers often move their funds around to different DeFi platforms so they get the best returns for their money.

Note that just investing in ETH itself wouldn't be considered yield farming, though. However, lending out your ETH on a decentralized money market protocol like Aave—and then getting a reward for so doing—would be yield farming.

Does that make it a little easier to understand?

Your reward tokens can also be deposited back into the liquidity pools. It's common practice for farmers to shift funds between different protocols to hunt down higher yields.

You can create huge, complicated chains of investments by reinvesting your reward tokens into other liquidity pools, which in turn give you different reward tokens.

The liquidity providers are also rewarded based on how much liquidity they're providing, so the people you see reaping those massive rewards have correspondingly massive amounts of capital behind them.

Another incentive for you to add funds to a pool might be to accumulate a token that's not available on the open market or that has low volume.

By providing liquidity to a pool that rewards you with this token, you can collect that token and reap your chosen rewards.

Yield farming utilizes an order-matching system called the **Automated Market Maker Model** (AMM).

A market maker is essentially a liquidity provider, so an automated liquidity provider would eliminate the need for centralized authorities like exchanges or other financial entities.

The AMM allows two users to transact their assets without an intermediary facilitating the exchange. In trading, the term liquidity refers to how quickly and seamlessly an asset can be bought or sold.

For example, if no traders are selling a bitcoin that Trader A wants to buy, the liquidity of that bitcoin would be low. There's less trading activity for that token, so it's harder to buy and sell it.

Here's where the AMM comes in. In the brick-and-mortar world, financial institutions or professional traders provide liquidity by creating buy and sell orders to match the orders of their retail investors. Whoever provides the liquidity becomes the market maker.

However, an automated market maker is more like a computer program, one that automates the process of providing liquidity. AMMs are built using smart contracts to mathematically define the price of cryptocurrency tokens and provide liquidity.

Using the AMM protocol, you don't need another trader mixing into the transaction. Instead, you can trade with that smart contract. Trades are what's called peer-to-contract instead of peer-to-peer.

In AMM, anybody can be a liquidity provider if they meet the proper requirements stipulated in the smart contract.

In return for providing this liquidity, the provider can earn fees from the trades in their pools.

So, the AMM helps set up a system of liquidity for the assets, where anyone can contribute.

This removes many of the intermediary transaction fees for investors. High liquidity means healthy trading. With lower liquidity, you could have high volatility of prices.

Types of Yield Farming

OK, so now you understand that yield farming allows you to earn rewards by putting stablecoins or tokens in a decentralized application (dApp).

Some examples of dApps include cryptocurrency wallets, decentralized exchanges (DEXs), decentralized social media, etc. You'll be using these DEXs to lend, borrow, or stake coins to earn interest and speculate on price swings.

There are four basic types of yield farming:

Liquidity Provider: this is where yield farmers deposit two coins or tokens to a DEX to provide trading liquidity.

Exchanges charge a small fee to swap the two tokens, which is then paid to the liquidity providers (you, in this case). The fee can sometimes also be paid in new liquidity pool (LP) tokens, which can then be reinvested in the same or a different pool.

Lending: this is where yield farmers can lend cryptocurrency to borrowers through a smart contract and earn the yield from interest paid on the loan. You're essentially the bank in this case.

Borrowing: this is where yield farmers can use one token as collateral and receive a loan of another token, which they can then use to farm more yield.

This way, you keep your initial holding, which might increase in value over time, while also earning yield on your borrowed coins or tokens.

Staking: there are two forms of staking in decentralized finance. The main one is *proof-of-stake blockchains*, where a user is paid interest to pledge their coins to the network to provide security.

The other is to *stake liquidity pool (LP)* tokens earned from supplying a DEX with liquidity. This lets you earn yield twice, as you're paid for supplying the liquidity in LP tokens, which you can then stake to earn more yield.

So, staking is different from most yield farming. It's the process of supporting a blockchain network by committing your cryptocurrency assets to that network.

Staking is used mostly by networks utilizing the proof-of-stake (PoS) mechanism. With staking, you earn interest on your investments while you wait for your rewards to be released.

The more stakes on a blockchain network, the more secure that network will be. And since the stakers are rewarded for keeping that integrity up, it's possible for them to earn higher returns than investors in other financial markets.

Of course, there are always risks. With staking, the stability of the networks may fluctuate over time, risking your investments.

Step-by-Step Guide to Yield Farming

Here is the step-by-step set-up process so you can begin yield farming yourself.

Step 1:

Go to whatever platform you're interested in and scroll through until you find the section where they've listed all the different pools they offer.

All the pools will have their yield percentages listed. These can be either stablecoins or Ethereum pools (among others), depending on the options given by your particular platform.

Step 2:

Connect your cryptocurrency wallet and select the number of coins you'd like to add. Click on the deposit option.

Step 3:

Be sure you approve the transaction from your cryptocurrency wallet. This is usually a pop-up window within your internet browser, where it will give you the fees associated with the transaction. Click on "confirm."

Step 4:

Add liquidity to the liquidity pool you've chosen. Approve the transaction directly on your platform.

Note that the process might differ slightly from one platform to another, but this is the basic series of steps you'll need to follow.

Let's look at a popular platform as an example of how to get started.

PancakeSwap, available at <https://pancakeswap.finance> is an exchange, farming, and pooling platform for tokens built on Binancy Smart Chain.

They'll allow you to stake and farm coins through liquidity pools, prediction, and lottery.

Follow their instructions on creating a new wallet. TrustWallet, available at <https://trustwallet.com/>, will generate wallets for every cryptocurrency they support. Note that not everything will show up on the main screen, so you might have to enable some of them manually.

You should put the following wallet on your main screen:

Smart Chain: this stands to reason since you're using a Smart Chain network.

It is a BNB but on BEP-20 wallet address and is the BNB you need to transact on PancakeSwap (paying the gas fees, swapping, etc).

You could also add BUSD if you'd like. It's a stablecoin so it's safer.

Now, it's time to add some money into your wallet.

Before you deposit any other cryptocurrencies, drop in some BNB (Binance Smart Chain) to pay gas fees for every transaction on PancakeSwap.

The best place to purchase your BNB is from Binance itself, of course. It's also cheaper to send BNB anywhere from their exchange. Other exchanges can charge up to 10x fees, but from Binance, the fee is only 0.0005BNB.

Withdraw your BNB to your TrustWallet Smart Chain address. On the withdrawal page, make sure that "BEP20(BSC)" is selected on the Network column. You need to send your crpto to the correct BNB SC wallet.

You can also buy BNB from TrustWallet directly if you'd prefer.

This will redirect you to TrustWallet’s third-party partners, allowing you to buy BNB at competitive rates using your credit card. You can buy as little as \$50 worth.

Now that you have some BNB on your TrustWallet, you’re ready for PancakeSwap!

At this point, you might want to switch to using BUSD instead of BNB, saving your BNB for other purposes so it doesn’t accidentally run out on you.

It also gives you a cash reserve to get BNB when its price dips (you can swap BUSD to BNB on PancakeSwap—the fee for using TrustWallet swap is more expensive).

You’re not charged any fees for transferring BUSD out of Binance, and you can send anywhere from \$10 worth of BUSD up.

Just don’t forget to check the same “BEP20(BSC)” option when withdrawing the BUSD from your other wallets.

Note that you do NOT want to try to send your BUSD first before you load the wallet with BNB, otherwise you won’t have the necessary transaction fee to be able to move it.

Now, it’s time to do some farming:

Open the Trust Wallet browser:

On the bottom of your screen, tap the DApps menu. This opens the TrustWallet’s in-app browser.

Type “pancakeswap.finance” on the search column or click the PancakeSwap icon if you can find it on your home page.

Connect your TrustWallet to PancakeSwap: Tap “Connect” then select “TrustWallet.”

Once this is connected, that “Connect” button will then show a snippet of your wallet’s address. This is how you connect to PancakeSwap.

Now you’re all set!

If you’re accessing PancakeSwap through a computer, you’ll need another way to connect your TrustWallet.

Just remember NOT to use strange plugins or chrome extensions that claim to “help” you connect your wallet with PancakeSwap. That’s how you get your wallet hacked!

Here’s the safe way to connect your wallet to PancakeSwap using a browser. It doesn’t need any additional apps or software, either.

Open pancakeswap.finance on your computer’s browser.

Click “Connect.” This time, select “WalletConnect.” Tap the QR code tab.

Now, on your phone, open TrustWallet > Settings > WalletConnect. Scan the QR code on your computer screen.

Now, you’re ready to begin farming on your computer!

To add liquidity to an exchange, find the “Trade” option on the sidebar to the left, then find “Liquidity.”

Click on the button, then on “Add Liquidity.” Choose the token pair you want to deposit in the liquidity pool.

Remember you need to keep in mind the potential impermanent loss before you contribute liquidity. We'll talk more about that in the next section.

After you add liquidity, you're ready to start your farming. You might participate in staking on the exchange, earning CAKE tokens as a reward.

Find the "Farms" tab on the PancakeSwap app and choose the option relevant to the LP tokens you have.

Just like ERC-20 tokens, you'll need to provide approval to move your BEP-20 tokens. Click on "Approve Contract."

You'll see a pop-up asking for confirmation. You'll also notice the fees associated with the transaction.

After you confirm your transaction, you'll then need to pick the amount you plan to stake and confirm that. You may start checking your earnings at this point!

When you're ready to collect, click on the "Harvest" button and confirm that transaction.

That should be all you need to set up and maintain a yield farm on PancakeSwap.

Final Words

Yield farming is open to everyone, but it does require that you invest time in learning the market, and various cryptocurrency platforms.

You'll want to know how to move funds around to take advantage of the ever-changing market.

There are also many applications and exchanges that will let you yield farm, but start off by choosing just one platform until you get acquainted with the process and are comfortable farming.

And of course, as with any form of investing, there's a risk.

If the market tanks, there's little you can do to save your assets except HODL (*Hold On for Dear Life*) to them and hope things turn around in the future.

However, the beauty of DeFi is that there is no middleman to worry about.

You won't have to deal with a bank or brokerage firm—just a computerized smart contract that will handle the transactions for you.

The blockchain technology also means your assets are safer, since the records can't be altered.

Resources

Here are links to a few resources that I believe will help you:

Top-Rated Yield-Generating Platform for Beginners:

>> <https://www.coinbase.com>

PancakeSwap:

>> <https://pancakeswap.finance>

TrustWallet:

>> <https://trustwallet.com>