



Investment Thesis

Polkadot

DOT

Basic Information

Token type	Native Currency
Price	\$3.75
GCCS Classification	Cross-Chain Platform, Infrastructure, Native Currency
Sector	Cross-Chain Platform

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$3.65 - \$11.46
All-Time High	\$55.08
All-Time High Date	4 November 2021
Down From All-Time High	84.2%
Market Capitalization	\$11.9B
Volume (24h)	\$189.80M
Circulating Supply	1,350,940,463
Max Supply	1.6%
Annualized Fees Generated	\$1.17M
Annualized Protocol Revenue	\$936.11K

Source: CoinGecko, DeFiLlama, Artemis
Data as of 4 November 2024

Overview

Polkadot is a scalable, interoperable Layer 0 protocol designed to connect a growing ecosystem of independent blockchains, called parachains, into a unified network. Unlike Layer 1 blockchains such as Ethereum and Solana, Polkadot operates as a foundational layer, enabling seamless communication and shared security across parachains. Founded by Dr. Gavin Wood, co-creator of Ethereum, Polkadot has built a reputation for innovation and rigorous testing through its canary network, Kusama, which runs identical software to validate new features before deployment.

Polkadot's native token, DOT, is integral to securing the network, facilitating governance, and participating in parachain slot auctions. Its unique design leverages the Nominated Proof-of-Stake (NPoS) mechanism, allowing validators and nominators to maintain the integrity of the network while earning staking rewards. A key innovation is Substrate, Polkadot's developer framework that simplifies the creation of parachains tailored to specific use cases. For instance, Acala focuses on decentralized finance (DeFi), while others specialize in identity solutions, gaming, or supply chain management.

Polkadot 2.0, set for release in Q1 2025, represents a major upgrade to the network's scalability and resource allocation. Features like Elastic Scaling will halve block times to 6 seconds and enable projects to dynamically scale based on their throughput needs, reducing developer entry barriers.

- **October 2016:** Dr. Gavin Wood publishes the first Polkadot white paper, laying out the vision for a more scalable and interoperable blockchain network.
- **2017:** Dr. Wood and Peter Czaban establish the Web3 Foundation, a non-profit organization supporting Polkadot's development and funding.
- **August 2019:** Kusama, Polkadot's experimental "canary" network, goes live.
- **August 18, 2020:** Polkadot completes its phased rollout, marking its mainnet launch.
- **Q1 2025:** Polkadot 2.0 is scheduled for release, introducing groundbreaking features to enhance scalability and developer ease.

Key takeaways

- Unlike Layer 1 blockchains like Ethereum and Solana, Polkadot serves as a foundational Layer 0 protocol, enabling interoperability and shared security across a growing ecosystem of specialized blockchains.
- The native token, DOT, plays a pivotal role in securing the network via staking, enabling governance participation, and funding parachain development through slot auctions.

Risk factors

- **Competitive Risk:** Competing Layer 0 protocols such as Cosmos' IBC and, to a lesser extent, Avalanche Subnets, have more vibrant ecosystems.
- **Adoption Risk:** Parachain auctions and **shared security via DOT** token may deter projects which prioritize **self-sovereignty** and are looking to ship faster.

Price Performance



Source: CoinGecko. Data from November 5, 2020 - November 4, 2024

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