



Investment Thesis

NEAR Protocol

NEAR

Basic Information

Token type	Native Currency
Price	\$3.69
GCCS Classification	Smart contract platforms, Infrastructure
Sector	Smart Contract Platforms

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$1.43- \$8.81
All-Time High	\$20.44
All-Time High Date	January 16, 2022
Down From All-Time High	81.94
Market Capitalization	\$4.5B
Volume (24h)	\$312.02M
Circulating Supply	1.22B NEAR
Max Supply	∞
Total Value Locked (TVL)	\$187.79M
Annualized Protocol Revenue	\$3.215M

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

Overview

NEAR Protocol is a high-performance, developer-friendly layer-1 blockchain designed to address key limitations of existing blockchain platforms, such as scalability, transaction costs, and usability. Self-described as the “Blockchain for AI,” NEAR emphasizes the development of large-scale open-source AI models and integrating AI capabilities in its ecosystem of nearly 300 applications and 2,000 developers. By leveraging advanced technologies like sharding (Nightshade) and focusing on end-user and developer experience, NEAR positions itself as a leading blockchain solution for Web3 applications. Its technology has attracted the world’s fifth-largest telecom corporation, Deutsche Telekom, to join the NEAR ecosystem’s Enterprise Node Operators (ENO) program to support the decentralization and security of the NEAR blockchain.

- **August 2018:** Illia Polosukhin and Alexander Skidanov co-founded NEAR Protocol, aiming to create a scalable, fully sharded, and permissionless blockchain.
- **October 2020:** Transition to Mainnet Phases 1 and 2, introducing third-party validators to the network, enhancing decentralization and granting governance rights to the community, and enabling features like token transfers and protocol rewards.
- **April 2021:** Launch of the Rainbow Bridge, facilitating interoperability between NEAR and Ethereum blockchains.
- **January 2024:** The NEAR Foundation announced the integration of Chain Signatures and NEAR Intents, enhancing user experience and interoperability across blockchains.
- **February 2024:** Stake Wars IV, focusing on stateless validation to improve network scalability and efficiency.
- **November 2024:** NEAR Protocol announced plans to develop a 1.4 trillion-parameter open-source AI model through crowdsourced research via its new NEAR AI Research hub, starting with a 500 million-parameter model.

Key Takeaways

- The NEAR Protocol is a user-friendly, carbon-neutral blockchain designed for speed, security, and scalability.
- NEAR Protocol is emerging as the blockchain of AI, offering a high-speed, scalable infrastructure tailored to support AI-driven applications and services.
- Building the world’s largest 1.4 trillion parameters open-source Artificial Intelligence (AI) model, 3.5x bigger than Meta’s Llama model

Risk Factors

- **Centralization of stakers:** There are currently 250K active wallets staking 49% of NEAR’s token supply; comparatively, Solana, Cardano, and Ethereum have over a million actively staking wallets.
- **Adoption and competition risk:** NEAR is highly dependent on the adoption rate of its open-source AI model, which is facing fierce competition from centralized entities in the space.
- **Counterparty risk:** Shortly after the FTX and Alameda debacle, NEAR announced that the collapsed exchange had 8.9M tokens (1.5M unlocked), while its trading arm Alameda Research held 8.1M locked tokens. The exact current amount is not publicly available.

Price Performance



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

Total Value Locked



Source: Artemis. Data from November 5, 2023 - November 4, 2024

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