



## Investment Thesis

# Polygon POLY

Token type	Native Currency
Price	\$0.513
Sector	Scaling Platform
Market Cap	\$4.85B

## Key Figures

52-Week Range	\$0.49 - \$1.57
Market Rank	#14
Market Capitalization	\$4.85 billion
Total Value Locked (TVL)	\$782 million
Annualized Protocol Revenue	\$10.12 million
Circulating Supply	9,314,516,621
Volume (24h)	\$152,022,369
ATH	\$2.90
ATH Date	December 26, 2021
Down from ATH	-82.31%

Source: CoinGecko, DeFi Llama, Token Terminal, Staking Rewards. Data as of September 24, 2023

## Overview

Polygon is a **platform aiming to scale Ethereum by providing multiple solutions ranging from "sidechains" to Layer 2 rollups**. Polygon became the **largest Ethereum scaling solution** after launching their sidechain – **"Polygon PoS."** The blockchain offers fast transactions at near-zero cost and is **EVM-compatible**, meaning developers can easily port their projects from Ethereum, while users can enjoy popular Ethereum-based applications. Following the rise of competing Layer 1 networks in 2021, such as Avalanche and Solana, Polygon responded with a spree of **Layer 2 acquisitions** based on zero-knowledge (zk) technology. Such investments gave rise to **Polygon zkEVM** (i.e., a virtual machine compatible with Ethereum and zk-proof computation) and **Polygon Miden** (a generic smart contract zk-rollup still under development). Polygon has decisively attached itself to the **rollup-centric future of Ethereum** and has successfully attracted capital and users beyond the larger crypto ecosystem. Polygon's greatest strength is its **business development strategy**, with many prominent brands like **Meta, Starbucks, Reddit, National Geographic, and Hamilton Lane**, among others, leveraging the blockchain for various use cases, from loyalty reward programs to real-world asset tokenization. Polygon is the 5th largest smart contract platform by total value locked (TVL) across decentralized finance (DeFi) applications, at **\$782 million**.

- In June 2020, the **Matic Network** was launched by a group of experienced Ethereum developers in India.
- In February 2021, the Matic Network was **rebranded to Polygon**, shifting its focus towards **Layer 2 infrastructure**.
- In March 2022, **Polygon ID** was released, a blockchain-native identity system with programmable privacy for the everyday user.
- In November 2022, as part of the **Monetary Authority of Singapore (MAS)**'s Project Guardian, **JP Morgan** completed its first blockchain trade on Polygon.
- In March 2023, **Polygon zkEVM** was launched for public access.
- In June 2023, Polygon Labs introduced the vision and architecture for **Polygon 2.0**, which will consist of four layers designed to operate together: *staking* (decentralization and security), *interop* (cross-chain messaging), *execution* (block sequencing and consensus), and *proving* (zk-proofs for all transactions).

## Key takeaways

- At the center of **Polygon's vision is scaling Ethereum**.
- As a technology platform, it is taking multiple routes to scale Ethereum instead of just one flagship chain or protocol.
- Currently valued at **\$4.85 billion**.

## Risk factors

- **Adoption risk.** Competition between various L2s is intensifying as they converge upon similar blockchain architectures. All leading L2s have launched their custom development kits to allow teams to deploy their own chains easily. Polygon has **"Polygon CDP,"** Arbitrum has "Orbit," zkSync released the "ZK Stack," and Optimism has the "OP Stack." It's still unclear which standard will accumulate the most network effects.
- **Technological risk.** By betting on the Ethereum ecosystem, the long-term success of Polygon is somewhat dependent on the evolution of Ethereum itself.
- **Regulatory risk.**

Figure 1:  
Price Performance (3-years)



Figure 2:  
Total Value Locked (TVL)



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