

DOTW

WisdomTree Physical Polkadot

WisdomTree Physical Polkadot ETP (exchange-traded product) provides investors with a simple, secure and cost-efficient way to gain exposure to the price of Polkadot (DOT), the coin used on the Polkadot blockchain.

Investing in Polkadot via an exchange-traded product allows investors to utilise the best of traditional financial infrastructure and product structuring. The ETP allows investors to access Polkadot without the need to hold the crypto assets directly, store private access keys or interact with the blockchain and crypto infrastructure in any way.

Polkadot: an interoperable and scalable decentralised software platform

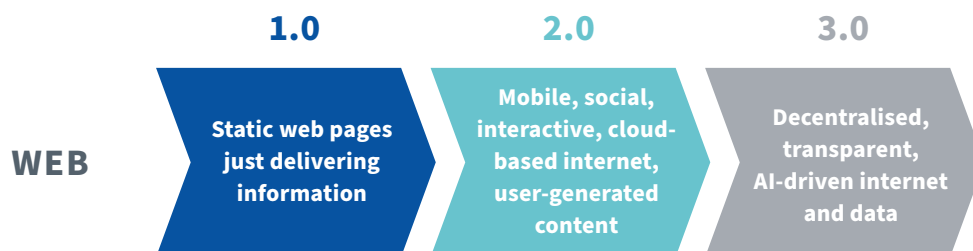
Founded by Gavin Wood (a co-founder of Ethereum) alongside co-founders Peter Czaban and Robert Habermeier in 2016, Polkadot was finally launched in 2020. It introduces a number of novel technical features aimed toward its ambitious goal to incentivise a scalable global network of computers where users can launch and operate their own blockchains.

At a technical level, Polkadot operates two types of blockchains: a main network, called a relay chain, where transactions are permanent, and user-created networks, called parachains. The idea is that transactions should be kept secure and accurate using only the computing resources required to run the main chain. Users gain the added benefit of being able to customize many parachains for many different uses. Parachains are one way in which interoperability can be implemented between blockchain networks. This combination of interoperability, scalability and customizability is thought to be the key to a diverse ecosystem built on Polkadot.

DOT is a native token from Polkadot blockchain, it has three main goals such as easing the network governance, staking for security and operations and bonding tokens to connect parachains.

Why invest in Polkadot?

The future of the internet: Some investors think that there is likely to be a next phase of the internet revolution (sometimes termed Web3) and that blockchain networks like Polkadot will form part of this evolution. If Polkadot remains one of the main contenders in this nascent revolution, and its promise of facilitating ecosystem interoperability is realised, its coin value should ultimately be tied to the success of this platform and the ecosystem built on it.



Diversifying crypto allocation: Most institutional investors who have a crypto allocation are concentrated in bitcoin, and increasingly in ether. Polkadot offers an alternative layer-1 decentralised software platform, with different technical features to Ethereum.

For example, Polkadot uses nominated proof-of-stake as its consensus mechanism, a system that some deem more scalable and sustainable than the proof-of-work mechanism used by Bitcoin and Ethereum¹. The supply of DOT is uncapped and increases by 10% each year. Its value should eventually be dictated by its supply-demand dynamics, mainly driven by the demand for the Polkadot platform and the ecosystem surrounding and/or connected to it.

Polkadot in an ETP with WisdomTree

Investors look to the ETP structure to provide additional protection for their investments:



Security – Safely storing digital assets is not only about protecting against hacks, but also protecting against the inadvertent loss of private keys. Investing in digital assets through an ETP structure could allow investors to transfer the expensive and time-consuming burden of managing private keys to the issuer and to benefit from institutional-grade safeguarding of assets in cold storage.



Transparency – Transparency is a core component of the ETP structure. A digital assets ETP could offer a core measure of confidence for investors by enabling access to an audited website from the issuer, showing exactly how many coins are represented by the outstanding fund shares. This is already standard practice in physical gold ETP structures and provides an incomparable measure of transparency for investors.



ETP Standardisation – Product standardisation is an aspect of the ETP wrapper that could benefit investors in digital assets. Trading, holding and accounting for investments in ETPs are well established and the provision of crypto exposure in this format could allow such investments to fit within an investor’s existing systems, processes and risk management. Additionally, providing crypto exposure in an ETP could deliver benefits from standard market features that many investors rely on. Centralised clearing, an exchange listing on a recognised venue and standard settlement practices all lower the operational and counterparty risk of making investments.



Liquidity – ETPs tend to bring a centralisation of liquidity to asset classes. This could be especially impactful in the crypto space as the current ecosystem is quite fragmented, with trading happening across many venues with no common settlement infrastructure. An investor would need to separately establish connectivity to several venues in order to access their liquidity. Investment in an ETP essentially outsources this responsibility to specialist market makers, with trading infrastructure to manage many exchange connections.

Digital assets exposures by WisdomTree

WisdomTree looks to address the needs of investors within the digital assets landscape by delivering exposures to unique digital assets. WisdomTree’s Polkadot ETP taps into WisdomTree’s tradition of innovation and leverages the firm’s deep expertise in physically-backed ETPs.

[WisdomTree offers a wide variety of resources on the WisdomTree’s Crypto Insight Centre.](#)

Fund listing information: WisdomTree Physical Polkadot						
Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER %
DOTW	SIX	GB00BNGJ9H18	DOTW SW	USD	USD	0.50
DOTW	SIX	GB00BNGJ9H18	DOTWCHF SW	CHF	USD	0.50
WDOT	Euronext Amsterdam	GB00BNGJ9H18	WDOT NA	USD	USD	0.50
DOTW	Euronext Paris	GB00BNGJ9H18	DOTW FP	EUR	USD	0.50
XDOT	Xetra	GB00BNGJ9H18	XDOT GY	EUR	USD	0.50

TER: Total expense ratio

¹ “Proof of work” and “proof of stake” are the two major consensus mechanisms cryptocurrencies use to verify new transactions, add them to the blockchain, and create new tokens.

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