

One River Digital Pulse



16 NOVEMBER 2022

One River Digital
Research



Weekly Pulse – Adoption

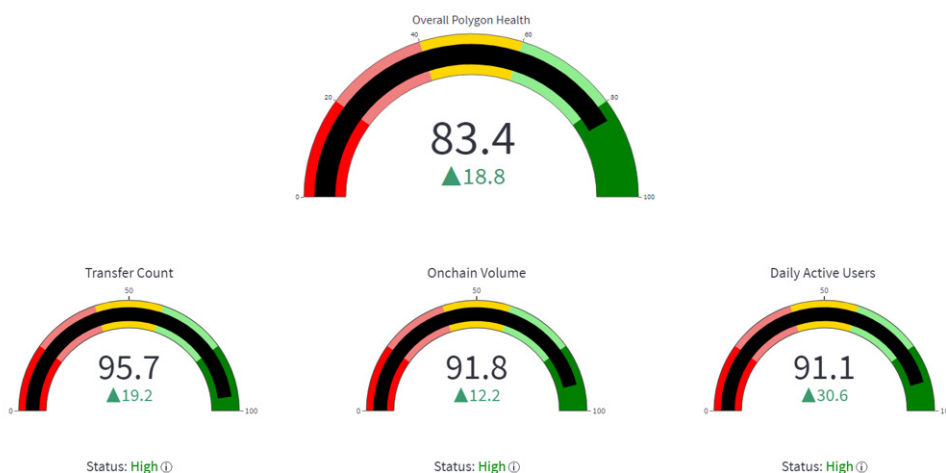
Digital Pulse – Adoption: The Digital Pulse reads temperatures based on data, and the weather looks a lot different than market sentiment. In measuring the Digital Pulse, we condense on-chain data into a set of simple, understandable metrics, like the volume of activity and user growth. It cannot be mechanically interpreted as bullish or bearish – it is just the start of a conversation about underlying activities, and a reason to dig deeper. The Digital Pulse surged into growth territory this week, at a 62.9 reading for the ORD Size Tilt Index. This is the second-strongest recording of the year. Polygon is leading the charge with a Pulse score of 84, led by a surge in active users. Unique user [addresses](#) tied to Polygon have exploded to nearly 200 million from 120 thousand two years ago. Why? It is useful. As NFTs enter the mainstream – [Nike](#) being the latest – Polygon is the partner of choice, allowing for tens of thousands of transactions per second that run as a sidechain to Ethereum. Polygon is a scaling solution for Ethereum. And collects the third most [commissions](#) on smart contract platforms, a modest \$3.4 million in the past month, but growing rapidly. Micropayments and peer-to-peer settlement will rule the NFT space – a digital revolution sparked by the birth of bitcoin on January 9, 2009. Polygon is proving to be another useful tool to dig yourself out of winter.

WEEKLY BEATS

1. Chart of the Week – Swoosh joins the Polygon Party
2. Fundamental Pulse –High Network Activity, but...
3. Real money moves on Layer one Protocols
4. On-chain deposits from exchanges at historic rates
5. Ethereum Staking yield on LIDO Finance explodes

1. SWOOSH JOINS THE POLYGON PARTY

Nike is the latest top-tier brand to announce integration into the Polygon ecosystem. Polygon has been a top performer in the ecosystem, rallying 34% price gains in the past 6 months. The



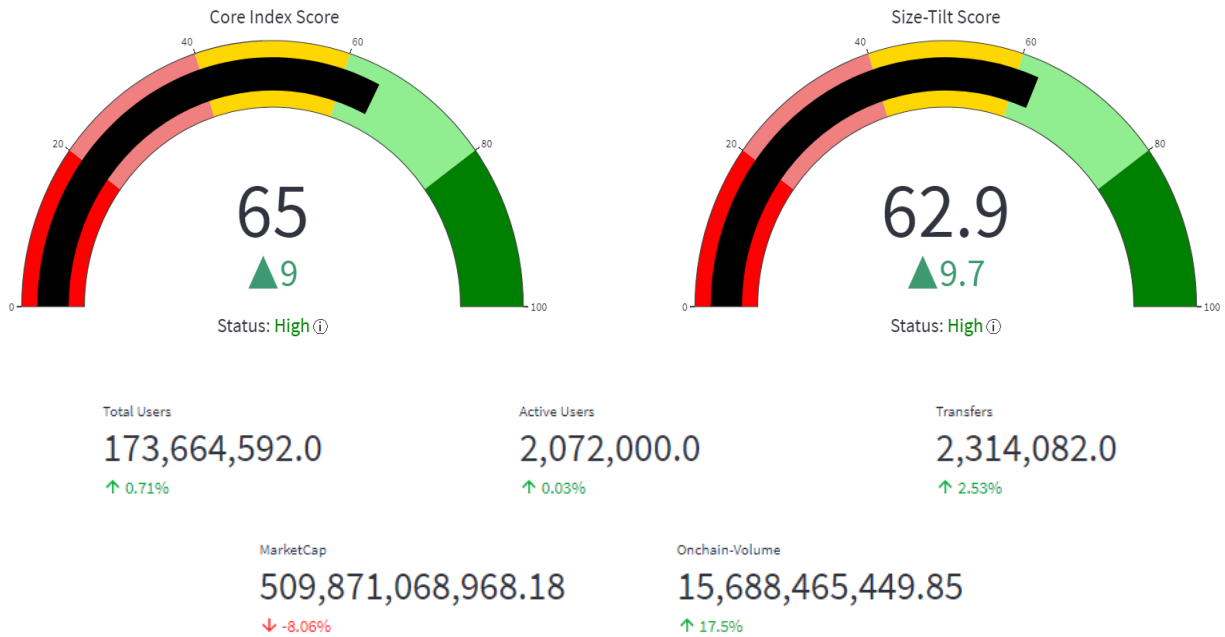
fundamentals are corresponding, approaching one-year highs.

Top-tier brands building on Polygon



Source: One River Digital Pulse. November 15, 2022

2. FUNDAMENTAL PULSE – NETWORK PERFORMANCE



The status of the network activity has flipped to “High”, very different from market sentiment. Activity has been led by movements into self-custody amidst the FTX crisis and project optimism.

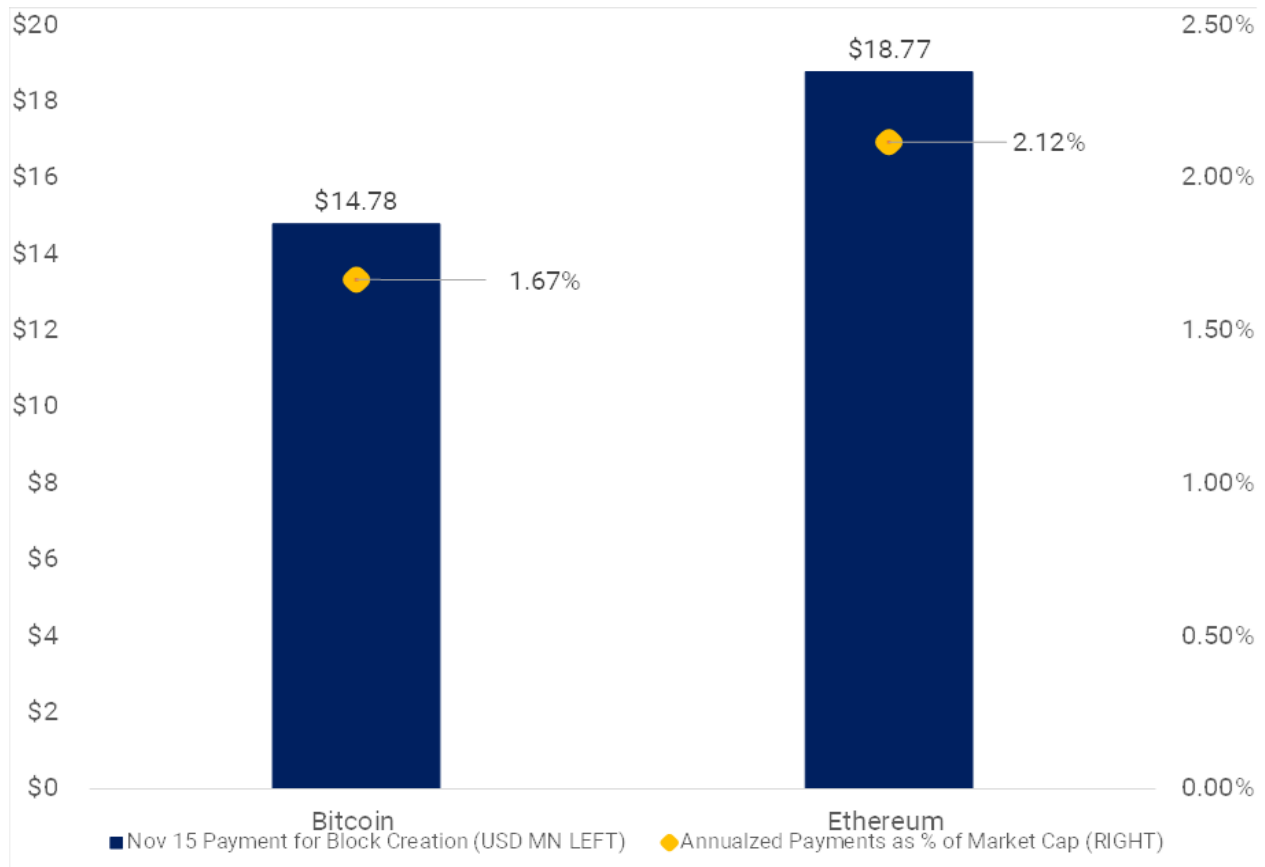
Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Core	65	9	18	56	52	59	82	38	69	98
Size Tilt	63	10	20	63	46	55	74	48	59	95
Bitcoin	70	6	16	37	77	70	91	16	99	100
Ethereum	55	15	22	91	4	38	69	77	12	97
Cardano	66	12	17	60	33	45	76	48	100	100
Polygon	84	14	56	92	96	94	91	91	28	99
Litecoin	59	4	9	63	38	36	39	55	99	86
Bitcoin Cash	27	6	2	61	12	18	9	49	0	38
Stellar	53	9	19	81	31	42	50	63	1	100

*Snapshot on 11/16/2022. Seven-day change in the Core and Size-Tilt Index Scores.

Notes: Status- High > 60, Neutral 40 to 60, Low < 40. A score of 54.5 means the Index value is better than 54.5% of its values in the past 365 days. Index scores exclude Solana, Cosmos, and Polkadot due to incomplete data coverage.

3. REAL MONEY MOVES ON LAYER ONE PROTOCOLS

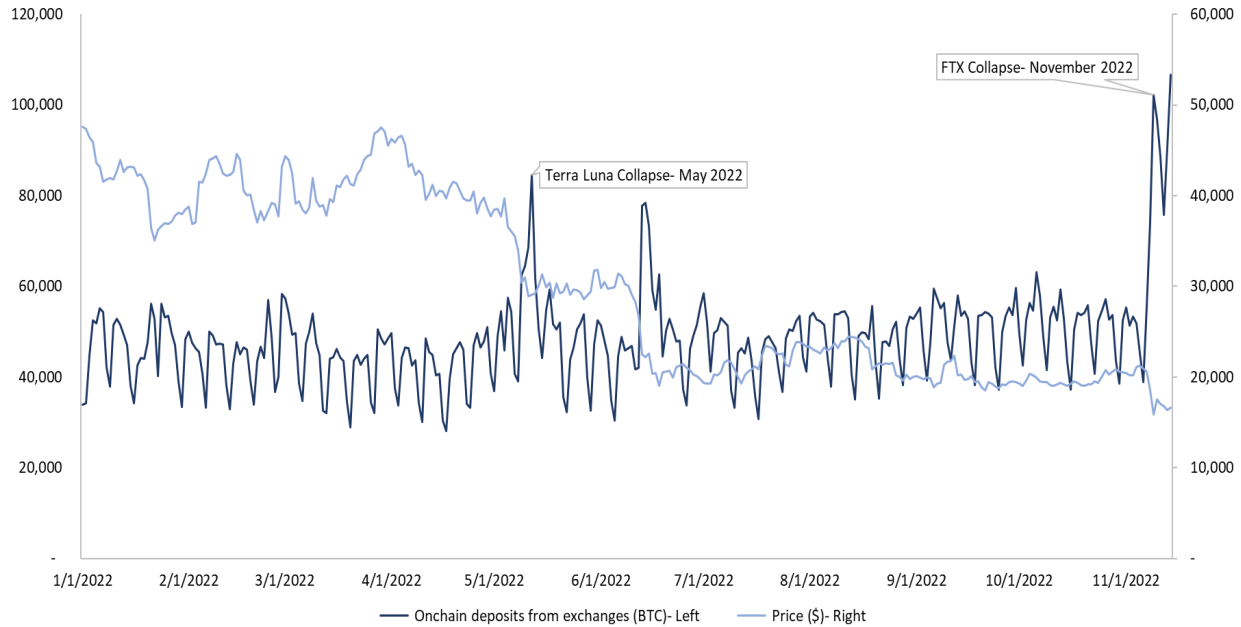
Phases of rising market concerns bring back old arguments about digital assets failing to have intrinsic value, and hence being useless. \$14.78bn transactions settled on Bitcoin in the past 24 hours, \$18.77bn on Ethereum. Payments made to miners and stakers are 1.67% and 2.12% of market capitalization of those protocols. The network incentives are working.



Source: Coinmetrics. One River Digital Calculations

4. ONCHAIN DEPOSITS FROM EXCHANGES AT HISTORIC RATES

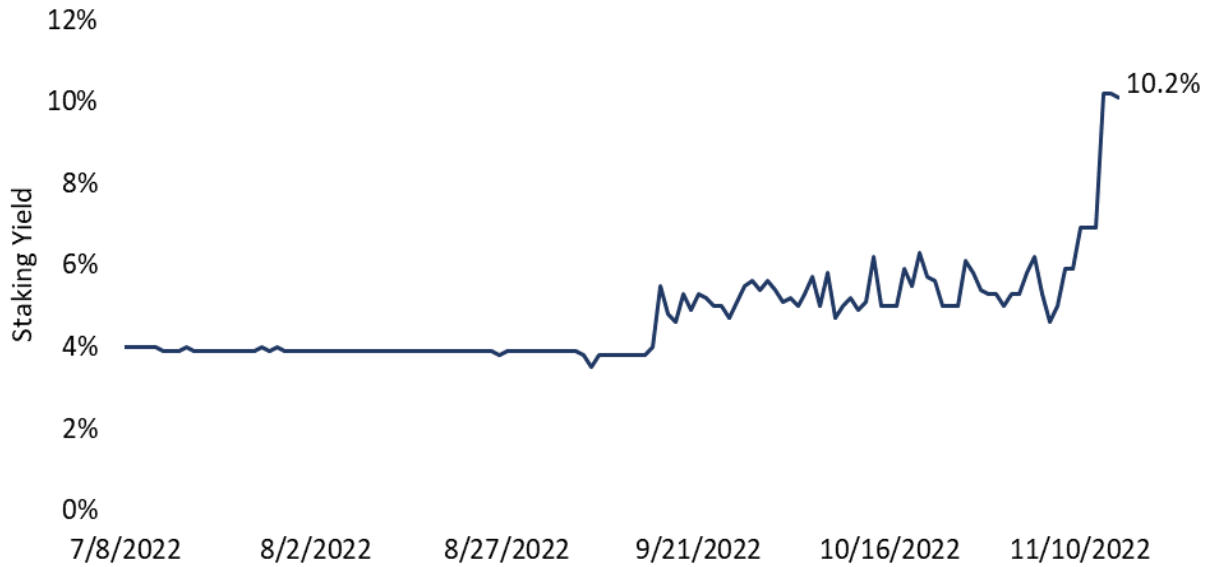
Following the FTX collapse, flows from exchanges to onchain rose to its highest in over a year. For most, it's a strong preference for self-custody.



Source: Glassnode

5. ETHEREUM STAKING YIELD ON LIDO FINANCE EXPLODES

Staking yield on Ethereum's top staking platform, Lido Finance, surged in the past few days. This is because of the rapid surge in cumulative maximum extractable value, fees earned in excess of standard block rewards.



Source: DefiLlama (November 15th, 2022)

Metric Definitions

1. **Volume:** The aggregated value of native units transferred between addresses on-chain.
2. **Transfer Count:** The sum count of transfers between addresses. It becomes more valuable when used in conjunction with Volume.
 - 2.1. Low Transfer Count & High Volume: High volume but transferred by a few addresses.
 - 2.2. High Transfer Count & Lower Volume - Indicates higher retail activity or exchanges amongst small accounts.
 - 2.3. Lower Transfer Count & Lower Volume: Indicates slower network usage and low network demand.
 - 2.4. High Transfer Count & Higher Volume- indicates high network usage. A persistent trend is substantial.
3. **Active Users:** Number of addresses active in the network as recipients or originators of ledger change. This includes value transfers, signing blocks, and other forms of ledger change activity.
 - 3.1. High Value: High network usage and high demand.
 - 3.2. Low Value: Low network usage and low demand.
4. **User Growth Rate:** The rate at which new addresses with non-zero balances are added to the network.
 - 4.1. High Value: Indicates users being added to the network at an increasing rate.
 - 4.2. Low Value: Indicates users being added to the network at a slower pace.
5. **Valuation:** This metric compares the on-chain volume to the realized capitalization representing the value of the network. Realized capitalization is a revised form of market capitalization that accounts for the value of the coin at the time the coin was last spent. A lower volume compared to the high value of the network indicates the network could be overvalued and vice versa.
 - 5.1. High Value: Indicates the network is closer to its real value based on the on-chain volume.
 - 5.2. Low Value: Indicates the network is very close to being overvalued considering the activity on the network.
 - 5.3. Medium value: Asset is reasonably valued—sustainable demand for transactions.
6. **Velocity:** This indicator shows the turnover of coins in the network as measured by on-chain volume divided by active supply. The primary use of this metric in this instance is to help assess an asset's market-relevant supply.
 - 6.1. High Value: There is greater circulation of coins in the network and use for payments.
 - 6.2. Lower Value: There is lower circulation of coins in the network and use for payments.
7. **Network Distribution:** The metric used, the SER ratio, compares the smallest accounts (sum held by accounts with a balance less than 0.00001% of the supply) against the richest accounts (sum held by the top 1% addresses).
 - 7.1. High value: Signifies high distribution of supply and higher decentralization.
 - 7.2. Low value: Low supply distribution and heavy concentration amongst a few wallets.

Disclaimer

This communication, including any attachments, is intended only for the use of the addressee and may contain information that is confidential or otherwise protected from disclosure. Any unauthorized use, distribution, modification, forwarding, copying or disclosure is strictly prohibited. If you have received this communication in error, please delete this message, including any attachments, and notify the sender

immediately. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase any security or other financial product or investment and is not intended as investment, tax, or legal advice. Unless otherwise noted, all information is estimated, unaudited and may be subject to revision without notice. Past results are not indicative of future results.

ONERIVERDIGITAL
ASSET MANAGEMENT

w: oneriveram.com | e: info@oneriveram.com

2200 Atlantic Street, Suite 310, Stamford, CT 06902

NFA ID: 0461647 | FINRA: 167835