**Evaluation Thesis**

**Background**

**Points to Consider:**

* What is the DeFi protocol?
* What are the general functions of the protocol?
* What led to its creation?
* How long has the protocol been in existence for?
* Who are the key individuals? (you can refer to the project's website for further information)

**Use Cases**

**Points to Consider:**

* What does the DeFi protocol actually do?
* What is the selling point of the project?
* Why would someone use the project over another?
* How does the project provide a unique and sustainable competitive advantage to its user
  + i.e. is it cheaper, faster, more reliable?

**Financial Performance**

**Points to Consider:**

* What is the price history of the project?
* How does its performance compare to benchmarks such as Bitcoin?
* What events influence the price of the crypto?
  + i.e. regulation, supply & demand, use case etc

Use graphs and tables here to show financial performance, perhaps overlay graphs with that of competitors and benchmarks.

**Staking / Yield Farming**

**Points to Consider:**

* What are the current opportunities available for staking/ yield farming?
* Which platforms provide the greatest opportunities?
  + Crypto.com, Binance, Coinbase etc
* What yields are currently available?
* Why are yields as they currently are?
  + i.e. Lack of liquidity / supply & demand etc

**Competitive /Peer Comparison**

Compare the protocol to its competitors/peers. Focus on what makes this project unique, and why it should succeed as opposed to competitors/ peers.

The table below is simply a guide, please use graphs and visuals to reinforce your appraisal, and adjust your metrics depending on what sector/industry your DeFi protocol is within.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Metrics** | **Asset 1** | **Asset 2** | **Asset 3** | **Asset 4** |
| **Launch Date** |  |  |  |  |
| **Market Share** *(within Defi)* |  |  |  |  |
| **Supply** |  |  |  |  |
| **Sector**  *(payment/ derivatives/ DEXes/ Lending etc)* |  |  |  |  |
| **Chain** *(Ethereum/ Multichain/ Polkadot)* |  |  |  |  |
| **12 month Price Change %** |  |  |  |  |

**Risks**

**Points to Consider:**

* What are the risks associated with this project?
* Will the project be capable of scaling?
* What has been done to mitigate these risks?

**Fee structure / cost of use**

**Points to Consider:**

* What is the transaction fee process for the protocol/project?
* Is the fee very high? Is it very low? Why?  
  How does the fee structure compare to competitors?
* Is inflation a cause for concern?

**Developer Activity / Adoption Strategy:**

Being able to asses the quality and presence of a team and community for a project can assist you greatly in being able to spot a good project.

**Points to Consider:**

* Look at GitHub activity
* Who are the developers?
  + Do they have social media?
* Project website?
* How active is the community?
* What are the developers doing to ensure the adoption of the project?
* Discuss whether developers are focusing on marketing/refining their technology

**Level of Centralisation vs decentralisation:**

**Points to Consider:**

* How decentralized is the project?
* Look at the governance of the project. (How decisions are made, how votes are cast)
* How distributed are the tokens? i.e. do a small proportion of token holders control the project

**Security / Consensus Mechanism:**

**Points to Consider:**

* How secure is the protocol/project?
  + For example, look at the blockchain’s consensus mechanism. Proof of stake blockchains are less secure than proof of work
* What consensus mechanism does the protocol have?

**Reliability**

**Points to Consider:**

* Has the protocol been hacked?
* How safe are your funds when using the protocol?
* How long has this project been around?
* Are there concerns about the native tokens or project teams?

**Tokenomics**

Tokenomics covers the economics and game theory behind a project’s token. It covers all aspects from the coin’s creation, distribution, supply, management and even removal from the network.

For projects to become self-sustaining, they need to figure out how tokens should work within their ecosystem. An example of poor tokenomics might be Shiba Inu who sent 50% of their supply to one holder - Vitalik Buterin, who then burned the tokens.

**Personal Outlook**

Give your final assessment of the asset based on all the research you have conducted.

**Points to Consider:**

* 5 year outlook
* Likelihood of projects success
* Strengths and Weakness
* Price prediction for future