



Polkadot

Dear Investors

I write to share some exciting news with you regarding one of our smaller asset holdings, Polkadot.

I first wrote about this project in a blog on 14 August 2017, you can access that [here](#). In this News Bulletin I set out the background to the Polkadot project, why I like it as an investment and the status of our unrealised gains.

Polkadots and Parachains

14 Aug 2017 By Ian Love



Dr Gavin Wood, co-founder of Ethereum, released the first draft of his latest project, 'Polkadot: Vision for a Heterogeneous Multi-Chain Framework' in November 2016.

The project anticipates that there will eventually be a number of blockchains and that they will all nee...

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What is Polkadot?

The formal statement on their website advises :

'Polkadot enables cross-blockchain transfers of any type of data or asset, not just tokens. Connecting to Polkadot gives you the ability to interoperate with a wide variety of blockchains in the Polkadot network.'

What does this mean in English? Think of a single blockchain (like Ethereum) as a toaster with a cord that gets plugged into an electric socket. Each appliance (blockchain) could have its own wall socket, one for the blender, one for the kettle etc. This is inefficient. It is better to use an electric cable power board which allows for many items to be plugged in but uses only one wall socket. A power board is agnostic about the type of appliance being run, it allows for interoperability of power between appliances and it provides flexibility.

Polkadot does the same thing for blockchains. We know already that there are going to be a number of blockchains (appliances) and we know also that there needs to be interoperability between them. Polkadot provides a crucial piece of base layer infrastructure for the blockchain ecosystem and this gives it significant value.

I was attracted to the Polkadot project not only because of the need for this crucial infrastructure but also because of the team behind the project. The Founder of Polkadot, Dr Gavin Wood is a co-founder of Ethereum. Gavin invented Solidity (the programming language for Ethereum), he wrote the Yellow Paper specifying the Ethereum Virtual Machine, and he served as the Ethereum Foundation's first chief technology officer. He co-founded Parity Technologies in 2016 which is involved with the development of core infrastructure for Ethereum, Bitcoin, Zcash and Polkadot.

Other team members, [Robert Habermeier](#) (a Thiel Foundation Fellow) and [Peter Czaban](#) are equally as impressive as Dr Wood.

The native token of the Polkadot network (DOTs) are used to pay for operating the network. Specifically they are used for Governance, Staking and Bonding. DOT's are also used to pay for transactions on the network. The more the network is used the more valuable they will become.

We purchased our DOT's in late 2017 at USD 35/DOT, we invested AUD 46,000.00 as part of an early pre-sale (like an early seed round). I want to thank Calvin Ng who worked with a syndicate to secure our investment.

Aside from DOT's, as part of our investment, we were granted 1266 Kusama (KSM) tokens. Kusama is a scalable network of specialized blockchains built using [Substrate](#) and nearly the same codebase as Polkadot. The network is an experimental development environment for teams who want to move fast and innovate on Kusama, or prepare for deployment on Polkadot.

On 18 August 2020 DOT tokens listed on major cryptocurrency exchanges and trading commenced. This listing and indeed the whole Polkadot projects has had great potential from the start and I am pleased to advise that the current value of our combined investment in DOT and KSM is AUD 540,000, this represents a gain of over circa 1200% (unrealised).

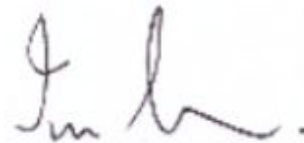
On top of this price uplift, we will shortly be able to Stake our DOT and KSM tokens. I will do this as soon as I feel the risks of doing so are properly managed. The expected yield will be 10%-15%. My intention with both assets is to hold them long term and capitalise the

earnings. We are still at a very early stage and there is significant upside potential on these and indeed all our assets. Of course we also need to remember that this is experimental technology, bugs, black swan events and other such events can happen. Thus far we have found that even with such events happening the underlying value of these protocols bounce back and continue to grow.

We are truly invested in one of the most exciting areas of technology on the planet. Our long term buy and hold approach, as illustrated with DOT, will pay off. I look forward to sharing with you some of these events as and when there is news to report.

The unit price of our Fund at the time of writing was AUD 1.0338.

Best Regards



Ian Love

To the extent that any of the information which we have supplied to you may be deemed to be "general advice" within the meaning of the Corporations Act, we draw your attention to:- (a) in preparing, supplying or conveying such advice, we did not take into account your investment objectives, financial situation or specific needs; and (b) (before acting on the advice) the need to consider, with or without the assistance of an authorised representative, the appropriateness of the advice having regard to your investment objectives, financial situation or specific needs and any relevant Information Memorandum.