



Should Polygon Be Part of Your Cryptocurrency Portfolio Right Now?

Description

The global [cryptocurrency market cap](#) has surged past US\$3 trillion this week, as several digital assets, including Bitcoin, Ethereum, and Solana, are trading close to record highs. The widespread adoption of Bitcoin, the robust utility of the Ethereum and Solana platforms, as well as capital inflows into the alternative asset class have been some of the key drivers of the bull run in this space.

However, it's not easy to invest in cryptocurrencies, as there are over 12,000 digital assets in circulation right now. Further, stocks can be valued on the basis of fundamental metrics such as earnings or cash flows. But it's difficult to value cryptocurrencies based on any tangible metrics.

Long-term investors need to analyze if a particular cryptocurrency blockchain network has the ability to scale, attract projects, and reduce transaction fees on its platform over time.

Keeping these factors in mind, let's see if Polygon needs to be part of your cryptocurrency portfolio right now.

What is Polygon?

Previously known as the Matic Network, Polygon is a protocol and a framework used to build and connect Ethereum-compatible blockchain networks. Polygon combines the best aspects of Ethereum and other blockchains into a multi-chain system. It solves several issues associated with other blockchain networks such as high gas fees and the low number of transactions.

Several projects are exploring Ethereum-compatible blockchains to leverage its robust ecosystem as well as mitigate its limitations. But there is no specialized framework to build such networks, introducing significant development challenges, which, in turn, causes ecosystem fragmentation.

Polygon aims to resolve most of these challenges and its blockchain network has already attracted over 500 decentralized applications projects on the platform.

How has the cryptocurrency performed in the last year?

Valued at [a market cap](#) of over US\$12 billion, Polygon is the 21st-largest cryptocurrency in the world. Since April 2019, the Polygon token called MATIC has risen by an astonishing 51,000%. So, if you'd invested \$500 in Polygon 30 months back, your portfolio value would have risen to \$250,000 right now.

A Layer 2 scaling solution, Polygon is backed by giants such as Binance and **Coinbase**, as it continues to resolve scalability issues impacting most blockchains. According to its official website, Polygon claims its network can process up to 65,000 transactions each second on a single side chain. MATIC runs on the Ethereum blockchain and is primarily used as a settlement currency for users part of the Polygon ecosystem.

In August 2013, Rario, a licensed NFT, or non-fungible token, platform focused on cricket [launched a new hub](#) for gaming and NFTs in partnership with Polygon studios. Cricket is the most popular sport in India and the NFT ecosystem is expanding at a rapid clip, touching US\$2.5 billion in the first six months of 2021. Polygon's development team has also invested in Colexion, which is the biggest NFT marketplace in Asia.

The Foolish takeaway

While MATIC has created massive wealth for long-term investors, the token is also down 30% from all-time highs, highlighting the volatility associated with cryptocurrencies. In case Polygon is successfully in onboarding projects on its blockchain network, the demand for MATIC tokens is bound to rise, positively impacting its prices over time.

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