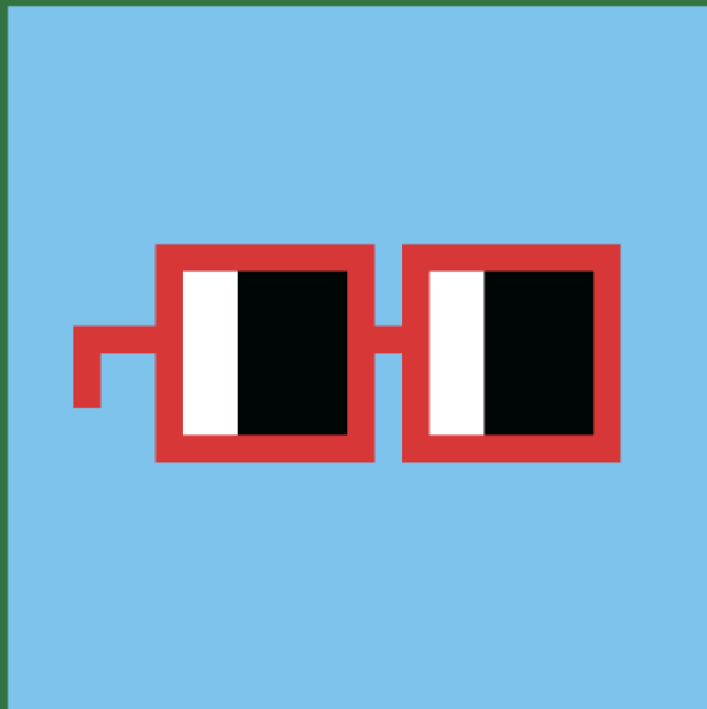


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Presented By: Sameer Bhopal



LIL NOUNS

General Background on Protocol

Lil Nouns, an NFT project, is an expansion from the Nouns DAO that was released in May 2022. Nouns is a governance DAO with a collective treasury funded through Ethereum-based auctions, that ensures each Noun owns a vote on the DAO when deciding on rules of the DAO, projects proposed by these owners, and other collective decisions. The most notable figure of the Nouns platform is the boxy glasses on their avatar which has popped up in various sources of media. Lil Nouns would be a scaled-down version of Nouns made for smaller investors. For example, while new Nouns are minted and auctioned once daily, new Lil Nouns will be minted and auctioned every 15 minutes. However, most of the other traits mentioned about these two DAOs will apply to both. All ETH made from auctions is collected within a treasury governed by Lil Noun holders.

The treasury is used to fund proposals pitched on the DAO through a couple of different methods. These proposals can consist of donations, marketing strategies, and other ideas to grow the Nouns brand. The most unique method to propose a project with Lil Nouns is through the “prophouse”, structured in rounds where there are 7 days to send in a proposal, and 7 days to vote on the winners. “Each round has a set number of winners and a total prize, Round 1 had 5 winners at 2 ETH each, Round 2 had 11 winners at 1 ETH each, and Round 3 will have 3 projects winning 3 ETH each” (Mirror.xyz). There are also proposals discussed through Discord which are eventually voted on-chain, at times rewarding the originator with Lil Nouns.

Macro Factors Impacting Protocol

Many NFT projects have experienced a quick sell-off after their initial drops. A failure to innovate and adapt their protocols has led many NFT projects off a cliff. The basis for this is to have a utility-driven NFT, not just a piece of artwork or an avatar, but rather a purpose behind your token which attracts investors.

Lil nouns derive this utility in their token through proposals and voting on the project exclusive to token-holders. Some other projects that do a great job of having a utility-driven token are Flyfish Club, a member-only private dining experience exclusive to token-holders, and BAYC (Bored Ape Yacht Club), a brand-built project that provides members with access to exclusive games, events, merch and much



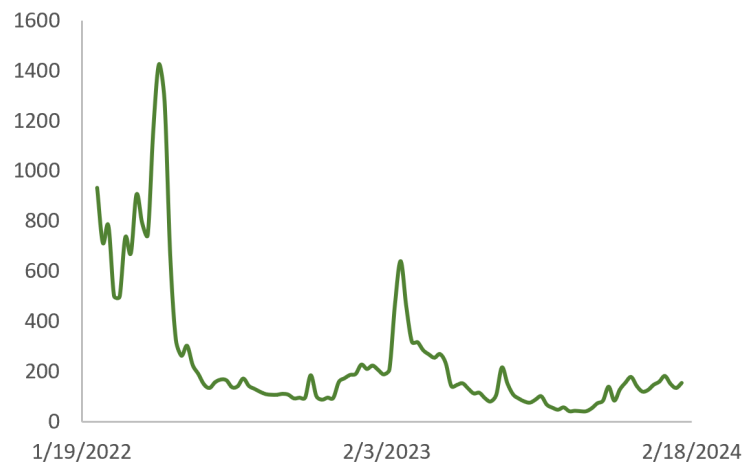
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more. Pudgy Penguins was a project initially subject to lacking utility, being just a penguin avatar on-chain. However, this project was revived through Pudgy Toys, their adorable merch line, and an announcement for “Pudgy World”, an open-world game exclusive to Pudgy Penguin holders. These NFT projects are constantly updated to keep up with users' interests, making them some of the more successful NFT projects.

As a whole, the NFT market isn't as active as it was in early 2022, but as more information and tools become available to investors, we have seen a continuous rise in NFT trading. The release of Blur.io, an NFT trading platform, in October 2022 allowed sophisticated NFT traders to use previously unavailable strategies, such as lending against NFTs through their “Blend” feature. Blur.io also allows for trading across various platforms, providing more liquidity and convenience to users. Most NFT projects are in their early stages, thus most investors don't have much information to rely upon when analyzing whether an NFT provides value or not. However, with new releases and updates of more of these utility-driven projects, investors have been provided with a better perspective when evaluating NFTs and how they ultimately provide value. The NFT industry is still in its early stages of growth and exhibits extreme cyclicalities with bull and bear markets, so we should only expect more activity in the industry over time.

NFT Volume (Millions)



The Team

The founders of the Lil Nouns DAO, listed by their X usernames, @0xsvg, @adelidusiam, and @dg_goens, are known as “Lil Nounders”. The Lil Nounders are a group of builders who are also members of the DAO. The builders are rewarded for the creation of the DAO through Lil Nouns. “Every 10th Lil Noun for the first 5 years of the project (Lil Noun IDs #0, #10, #20, #30 and so on) will be automatically sent to the

Lil Nounder's multisig to be vested and shared among the founding members of the project” (Lil Nouns). These nounders will own 10% of Lil Nouns in the first 5 years. This process does not disrupt the 15-minute auction cycle as these Lil Nouns are sent directly to their shared multisig.

The first proposal on the project to be executed, made by user “dood.eth”, was to lower the threshold of ownership for new proposals on the chain from 4 Lil Nouns to 1 Lil Noun, which will increase by 1 Lil Noun for every 1000 Lil Nouns minted. This increase in accessibility for a young project allows for a more attractive token with faster growth than if the threshold had remained at 4. Another significant successful proposal is the “Retro Prophouse”, created by user “brook.███” where previously submitted proposals on the propthouse can get another chance to present the scope of their proposal and its potential impact. The most recent proposal executed on the chain, made by user “profwerder.███” is a planned sponsorship for the PizzaDAO event at ETH Denver in late February 2024. Getting the Lil Nouns name and image more publicity, especially at a Blockchain event, will bring more eyes and eventually more users to the project.

Why the Protocol Offering Matters to Consumers

Lil Nouns are a unique type of NFT as they are under a CC0 license. Lil Nouns’ CC0 license means it is a public domain where all artwork is accessible by all users legally. One example of this in use is when Nouns DAO voted to be featured on a Bud Light Super Bowl Ad. After this commercial, the Nouns treasury was full of ETH valuing \$58 million, a new high. This license allows for easier branding and marketing by allowing your work to spread without any legal logistics. You can also make any edits or updates to the project much easier.

The Lil Nouns DAO is composed of users who own the Lil Nouns NFT(s). These NFTs provide one vote each on proposals and governance, and depending on the current threshold, you may have the ability to submit your own proposals. One of the main goals for Lil Nouns DAO is to have a group of smaller investors who can collectively make an impact on the larger Nouns DAO. There are also many proposals consisting of sponsorships, podcasts, and other marketing resources to grow the Nouns brand. One of the most successful examples would be “The Lil Nouns Show” which is a weekly podcast on X spaces of 5 co-hosts from the DAO. They bring on guests from the NFT space and discuss Nouns/Lil Nouns, other NFTs, and the industry as a whole.



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Now, the podcast has been approved through a proposal for its frontend platform, integrating cross-platform access, and bringing in a broader audience. Overall, the DAO's goal is to grow its platform and make an impact on the Nouns DAO as a collective democracy.

Protocol Versus Competitors Chart

NFT Name	Treasury Size	DAO Function	Token Supply
Lil Nouns	504 ETH and One Noun NFT	<ul style="list-style-type: none"> • Govern treasury composed of auction proceeds • Vote on proposals for treasury use 	<ul style="list-style-type: none"> • Minted and Auctioned every 15 min • 7,189 as of Feb 1, 2023
Nouns	5,956 ETH	<ul style="list-style-type: none"> • Same as Lil Nouns on a larger scale 	<ul style="list-style-type: none"> • Minted and Auctioned Daily • 1009 as of Feb 9, 2023
CryptoPunks	N/A	<ul style="list-style-type: none"> • Uniquely generated, one-of-a-kind characters that can be bought, bid, or sold 	10,000 (Fixed)
Bored Ape Yacht Club (BAYC)	N/A	<ul style="list-style-type: none"> • Access to exclusive games, events, merch, and more 	10,000 (Fixed)
Pudgy Penguin	N/A	<ul style="list-style-type: none"> • Same as BAYC • Sub-zero themed 	8888 (Fixed)

Protocol Go To Market Strategy Versus Competitors

One way that Lil Nouns differentiates itself from other NFT projects is by holding a collective treasury with full transparency. You don't even need to hold an NFT to view their live treasury and proposals. Each NFT holds a vote on a proposal, so the only potential advantage one could have is by holding more Lil Nouns. Lil Nouns DAO also mints and auctions new NFTs every 15 minutes. This is unlike most NFTs where many hold a fixed supply, making them more rare. Lil Nouns is looking to differentiate itself in this aspect with its slogan, "One Lil Noun, every 15 minutes, forever".

How Token Extracts Value

Lil Nouns offers consumers a voice in a space that is working collectively to grow their brand and make an impact in the digital asset industry. Token holders hold the ability to approve or deny proposals, with no one token holding more power than another. They are also able to propose their ideas for the treasury, opening up a creative space for young entrepreneurs. Funding is one of the hardest obstacles that entrepreneurs face and with an accessible space such as the Lil Nouns DAO, opportunities arise that would have been unfeasible without it.

Road Map

Lil Nouns lately has been focused on profile-raising projects. Most recently, the PizzaDAO event sponsorship at ETH Denver and the growth of the "The Lil Nouns Show" are both projects to get more eyes on the Nouns/Lil Nouns brand and grow the amount of users on the platform. Recently, Lil Nouns haven't even seen bids daily, regardless of them minting a new one every 15 minutes. This loss of traffic can partially be attributed to speculation of the NFT industry, but Lil Nouns is working to expand its audience through its podcast and improve brand recognition at a digital asset convention. Ultimately, the growth needed to grow the DAO is highly unlikely due to the diluted supply of Lil Nouns driving its value down.



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Original Investment Thesis

We originally bought 2 Lil Nouns through an NFT call options platform called Hook. We bought these to diversify our digital asset portfolio, as before purchasing them, we didn't own any NFTs. Since we bought our Lil Nouns in May of 2023, most of their DAO proposals have been centered around plans to improve brand recognition, instead of growth and improvement of the DAO and its protocol. This has left Lil Nouns behind with many other innovative NFTs attracting consumers with their platform's function and appeal. Lil Nouns does have unique aspects to differentiate itself from other NFTs, but it doesn't attract people to its platform, as Bored Ape Yacht Club does with its interactive metaverse or Pudgy Penguin with their new toys in Walmart.

Sell Thesis

Lil Nouns does have a promising concept with a collective treasury pool governed by members of the DAO. However, with a constantly growing supply of the NFT, Lil Nouns and Nouns lack the rarity aspect that many NFT investors seek. Lil Nouns' DAO does function as a democratic DAO with equal voting rights to each NFT, but larger investors could buy up a majority of the NFT supply and control governance to their preference. I would suggest limiting investors on their votes per proposal. While Lil Nouns does have many opportunities for growth as a platform, I would advise against using its' NFT as a trading asset. With a continuously increasing supply every 15 minutes, demand will most likely never outpace supply, driving the NFT price down. In conclusion, we should sell one of our Lil Nouns and look for other NFTs to buy with a useful application and more probable growth.

Fund Recommendation

- Sell 1 Lil Noun on OpenSea for the floor price, sell PROOF Oddity at the floor price
 - [Lil Noun](#)
 - [Oddity](#)



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Appendix

Figure 1: Lil Nouns Sales Volume and Average Price (OpenSea)

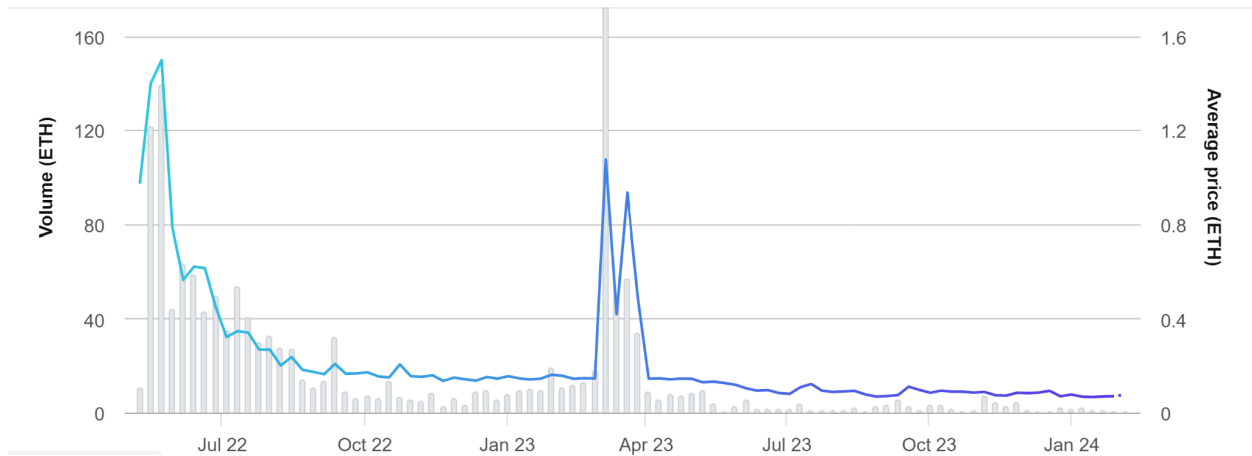
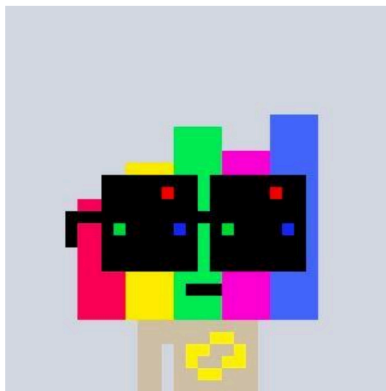
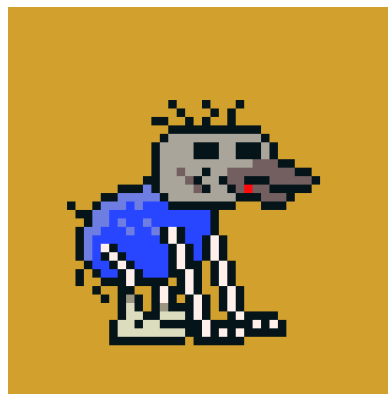


Figure 2: NFTs for Sale



Lil Noun



Oddity



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