



Ethereum: The Unassailable Foundation for a Tokenized World

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Rating: **BUY**

12-Month Price Target: **\$8,500** (+118% Upside)

2035 Price Range: **\$40,000 - \$80,000**

Executive Summary

Ethereum has transcended its origins as a smart contract platform to become the indisputable **foundation of the emerging tokenized economy**. It is no longer a question of if digital assets will reshape finance, but on which platform this revolution will be built. The evidence overwhelmingly points to Ethereum as the core settlement layer, institutional gateway, and yield-bearing reserve asset for this new paradigm. With a current market capitalization of approximately \$465 billion, Ethereum is poised for exponential growth, driven by a confluence of powerful, self-reinforcing catalysts.

Our analysis identifies five core pillars supporting a profoundly bullish outlook for Ethereum, justifying a **12-month price target of \$8,500** and a **long-term valuation between \$40,000 and \$80,000 by 2035**. These pillars are:

1. **Dominance as the Global Settlement Layer for Stablecoins:** Ethereum commands an unparalleled 70% market share of the burgeoning \$310 billion stablecoin market, processing over \$8.9 trillion in transaction volume in the first half of 2025 alone. It is the de facto platform for digital dollars.
2. **Unprecedented Institutional Adoption:** The floodgates of institutional capital have opened. With over \$22 billion in assets under management (AUM) in U.S. spot Ethereum ETFs and more than \$18 billion in ETH held in corporate treasuries, institutions are no longer experimenting; they are strategically allocating. Ethereum now represents over 10% of institutional crypto holdings.
3. **Leadership in Real-World Asset (RWA) Tokenization:** Ethereum is the premier venue for tokenizing real-world assets, a market projected to reach \$16-30 trillion by 2030. Capturing between 57% and 86% of the current \$34 billion

RWA market, Ethereum provides the security, liquidity, and developer ecosystem necessary to tokenize the world's assets.

4. **ETH as the Premier Yield-Bearing Reserve Asset:** Unlike its non-productive counterparts, ETH offers attractive, sustainable yields of 2-4% through staking, with opportunities for 8-12% through restaking protocols like EigenLayer. This intrinsic productivity is transforming ETH into a core holding for corporate treasuries and institutional portfolios seeking both capital appreciation and cash flow.
5. **The Epicenter of Decentralized Finance (DeFi):** With \$84-93 billion in Total Value Locked (TVL), representing a 49-56% market share, Ethereum remains the undisputed king of DeFi. Its vibrant ecosystem and unmatched developer community continue to drive financial innovation.

The confluence of these factors—stablecoin dominance, institutional inflows, RWA leadership, and intrinsic yield—creates a powerful flywheel effect. As network utility grows, so does the demand for ETH as a transactional and reserve asset. This, coupled with a deflationary supply mechanism via EIP-1559 and a significant portion of supply (over 30%) locked in staking, creates a structural supply shock that we believe is not yet fully priced in by the market. We initiate with a strong BUY rating.

1. The Unassailable Settlement Layer: Stablecoin Dominance

Ethereum’s most profound and defensible moat is its status as the global settlement layer for stablecoins. In an increasingly digital world, stablecoins have emerged as the primary medium of exchange for crypto-native and traditional finance (TradFi) participants alike. Ethereum is the undisputed home for these digital dollars, a position that cements its role as indispensable financial infrastructure.

As of Oct-2025, the stablecoin market has swelled to over \$310 billion, and Ethereum hosts approximately 70% of this value across its network. This is not a passive leadership position; it is an active, dynamic dominance. In the first half of 2025 alone, Ethereum processed an astonishing \$8.9 trillion in on-chain stablecoin transaction volume. This figure not only dwarfs the volume on competing blockchains but also rivals the settlement volumes of traditional payment networks, signaling a major secular shift in how value is moved globally.

Metric	Value (2025)	Significance
Total Stablecoin Market Cap	~\$310 Billion	Represents a massive, liquid pool of capital seeking a secure and programmable home.
Ethereum's Market Share	~70%	Unparalleled network effect; the gravitational center for digital dollars.
H1 2025 On-Chain Volume	\$8.9 Trillion	Demonstrates immense utility and adoption as a high-throughput settlement network.
Leading Stablecoins on ETH	USDT, USDC	The two most trusted and liquid stablecoins, with a combined market cap exceeding \$255 billion, primarily on Ethereum.

Source (CoinLaw)

This dominance is a powerful flywheel. Liquidity begets more liquidity. Developers build applications where the users and capital reside, which in turn attracts more users and capital. The recent passage of the GENIUS Act in the United States, which mandates full-reserve backing and audits for stablecoin issuers, further legitimizes the asset class and, by extension, the Ethereum network where these compliant stablecoins overwhelmingly circulate. This regulatory clarity removes a significant barrier to entry for conservative institutional players, who can now confidently leverage Ethereum as the primary rails for digital dollar transactions.

2. The Floodgates Are Open: Unprecedented Institutional Adoption

The narrative of institutional crypto adoption has moved from a forward-looking thesis to a present-day reality, with Ethereum at its epicenter. The launch and rapid growth of spot Ethereum ETFs in 2024 marked a watershed moment, providing a regulated and accessible on-ramp for a wave of institutional capital. These vehicles have already amassed over \$22 billion in AUM, with BlackRock’s iShares Ethereum Trust (ETHA) leading the charge with \$16 billion.

Beyond ETFs, a more profound trend is emerging: the adoption of ETH as a strategic reserve asset by corporate treasuries. Over \$18 billion in ETH is now held by institutions, representing more than 4% of the circulating supply. An astounding 95% of these holdings were acquired in the third quarter of 2025 alone, signaling a dramatic acceleration in corporate adoption. This trend is driven by Ethereum’s unique value proposition as a yield-bearing asset.

Metric	Value (2025)	Significance
Spot Ethereum ETF AUM	\$22 Billion	Validates institutional demand and provides a secure, regulated access point for massive capital inflows.
Institutional ETH Holdings	\$18 Billion	Demonstrates a strategic shift towards holding ETH as a core treasury asset.
Institutional Share of Circulating Supply	>4%	A significant portion of the supply is now in strong institutional hands, reducing market volatility.
Q3 2025 Corporate Treasury Inflows	>95% of total holdings	An explosive acceleration in adoption, indicating a fundamental change in corporate treasury strategy.

Source (Blackrock, Forbes)

Unlike Bitcoin, which offers no native yield, Ethereum provides a robust 2-4% annual percentage yield (APY) through staking. This allows institutions to not only gain exposure to the price appreciation of a premier digital asset but also to generate a consistent, low-risk cash flow.

3. Tokenizing the World: Ethereum as the Bedrock for Real-World Assets

The tokenization of real-world assets (RWAs) represents one of the largest addressable markets in history, with projections from financial heavyweights like Boston Consulting Group and Citi estimating a \$16-30 trillion opportunity by 2030-2034. Ethereum is unequivocally the frontrunner to capture the lion's share of this market, serving as the most secure, liquid, and developer-rich environment for bringing traditional assets on-chain.

The RWA market has already grown to \$34 billion as of October 2025, and Ethereum's dominance is clear. It secures 57% of all tokenized assets directly on its Layer 1, a figure that rises to a staggering 86% when including its broader Layer 2 ecosystem. From tokenized U.S. Treasury bills to private equity and real estate, issuers are overwhelmingly choosing Ethereum for its unparalleled security guarantees and vast network of integrated DeFi applications.

Metric	Value (2025)	Significance
Projected RWA Market (2030)	\$16-30 Trillion	A generational wealth creation opportunity that Ethereum is uniquely positioned to dominate.
Current RWA Market	\$34 Billion	Rapid growth from a low base, indicating the initial stages of a massive secular trend.
Ethereum's RWA Market Share (L1)	57%	The clear platform of choice for issuers prioritizing security and decentralization.
Ethereum's RWA Market Share (EVM)	86%	The entire Ethereum ecosystem, including Layer 2s, is the nexus of RWA innovation.

Source (Bankless)

This leadership is not accidental. It is the result of Ethereum's core design principles: a commitment to decentralization, a battle-hardened security model that protects billions in value, and a thriving developer community that builds the essential infrastructure for RWA issuance, trading, and management. As the world's assets—from stocks and bonds to art and intellectual property—are tokenized, they will gravitate towards the most secure and liquid platform. Ethereum is that platform.

4. The Digital Bond: ETH as the Premier Yield-Bearing Reserve Asset

Perhaps the most compelling component of the bullish thesis for Ethereum is its evolution into a yield-bearing reserve asset, akin to a global, decentralized digital bond. This intrinsic productivity fundamentally differentiates ETH from all other major digital assets, including Bitcoin, and positions it as an essential holding for the modern institutional portfolio.

Through the mechanism of Proof-of-Stake, holders of ETH can participate in securing the network and, in return, earn a stable and attractive yield. As of 2025, this base staking yield ranges from 2-4% APY, a highly competitive return. This yield is not a temporary promotional incentive; it is a permanent feature of Ethereum's economic model, representing a share of the network's transaction fees and issuance. For institutions, this provides a predictable cash flow stream that can be used to offset costs, enhance portfolio returns, and justify long-term strategic allocations.

Furthermore, the innovation within Ethereum's DeFi ecosystem has unlocked even higher yield opportunities through liquid restaking protocols like EigenLayer, which currently offer 8-12% APY. These protocols allow staked ETH to be used to secure other networks and applications, creating a capital-efficient system where a single ETH holding can generate multiple streams of revenue. This transforms ETH from a passive store of value into a dynamic, productive piece of capital.

Staking Metric	Value (2025)	Significance
Base Staking Yield (APY)	2-4%	A competitive, low-risk return that makes ETH a core holding for income-focused institutional investors.
Liquid Restaking Yield (APY)	8-12%	Enhanced yield opportunities that demonstrate the capital efficiency and innovation of the Ethereum ecosystem.
Total ETH Staked	~36 Million (30%)	A significant supply sink that reduces tradable float and creates upward price pressure.
Institutional Staking Products	Growing	The proliferation of regulated ETFs and custody solutions that offer staking is removing barriers to entry.

Source (AInvest, CoinLaw, CF Benchmarks)

This combination of price appreciation potential and intrinsic yield makes ETH a uniquely compelling asset. It offers the upside of a high-growth technology investment with the income characteristics of a fixed-income instrument. As institutional investors and corporate treasurers increasingly recognize this powerful duality, we expect to see continued, large-scale allocations into ETH, not just as a speculative bet on the future of crypto, but as a core component of a diversified, yield-generating investment strategy.

5. The Epicenter of Innovation: Unchallenged DeFi Supremacy

While new blockchains compete for transaction volume, Ethereum remains the undisputed epicenter of decentralized finance (DeFi) innovation and value. It is the global laboratory where the financial systems of the future are being built, tested, and deployed. With a staggering \$84-93 billion in Total Value Locked (TVL), Ethereum commands a dominant 49-56% market share of the entire \$237 billion DeFi ecosystem. This is not merely a lead; it is a gravitational pull that attracts the world's top developers, deepest liquidity pools, and most engaged user base.

This supremacy is powered by a virtuous cycle. Ethereum's security and decentralization provide the trust necessary for high-value financial applications. This attracts a critical mass of assets, which in turn enables the creation of sophisticated financial products, from lending and borrowing markets like Aave and Compound to decentralized exchanges and complex derivatives platforms. The network's vibrant developer community, which saw an influx of over 16,000 new builders in 2025, continuously pushes the boundaries of what is possible, ensuring that Ethereum remains at the bleeding edge of financial innovation.

DeFi Metric	Value (2025)	Significance
Total DeFi TVL	\$237 Billion	A massive and rapidly growing market for decentralized financial services.
Ethereum's DeFi TVL	\$84-93 Billion	The single largest concentration of value in the DeFi ecosystem, representing a deep and liquid market.
Ethereum's DeFi Market Share	49-56%	A commanding lead that creates powerful network effects and a high barrier to entry for competitors.
New Ethereum Developers (2025)	16,000+	A testament to the network's vibrant and growing ecosystem of builders and innovators.

Source (Yahoo Finance, CryptoNinjas)

While Layer 2 solutions are rapidly scaling Ethereum to handle higher transaction throughput at lower costs, the main Ethereum blockchain is solidifying its role as the global security and settlement layer for high-value transactions. Major DeFi protocols and institutional players continue to rely on the battle-tested security of Ethereum's Layer 1 for final settlement, viewing it as the ultimate court of record for the decentralized economy. This division of labor—with Layer 2s handling execution and Layer 1 ensuring security—is a sustainable and scalable model that allows Ethereum to accommodate a global user base without sacrificing its core principles of decentralization and security.

6. Valuation and Price Target: A Path to \$8,500 and Beyond

Our valuation model moves beyond simple metrics to incorporate the powerful, interlocking network effects of Ethereum's five core growth pillars. The confluence of stablecoin settlement, institutional inflows, RWA tokenization, yield generation, and DeFi innovation creates a feedback loop that accelerates value accrual to the ETH asset. This justifies a significant premium over both traditional assets and competing digital assets.

We project a 12-month price target of \$8,500 for ETH, representing a 118% upside from the current price of ~\$3,900. This target is derived from a weighted model that considers the following key drivers:

1. **Network Value to Transaction Volume:** As Ethereum solidifies its role as the settlement layer for a multi-trillion dollar stablecoin and RWA market, the value of the network is intrinsically linked to the economic throughput it secures. We project a conservative capture of this flow, leading to a network valuation that supports a price well above current levels.
2. **Institutional Demand Shock:** The combination of yield-bearing qualities and regulated ETF access is creating a structural demand shock. We anticipate continued institutional allocations of 3-5% into Ethereum, which would require the absorption of hundreds of billions of dollars in capital, driving prices significantly higher.
3. **Supply-Side Compression:** With nearly 30% of ETH supply locked in staking and a deflationary burn mechanism (EIP-1559) that removes a portion of supply with every transaction, the available tradable float is structurally shrinking. This supply compression, in the face of rising demand, creates a powerful catalyst for price appreciation.

Our price target scenarios are outlined below:

Scenario	12-Month Price Target	Key Assumptions
Bear	\$5,000	Slower-than-expected institutional adoption, significant regulatory headwinds, or a prolonged macroeconomic downturn.
Base	\$8,500	Continued growth in ETF inflows, steady RWA tokenization, and staking participation remaining above 25%. This is our most probable scenario.
Bull	\$12,000+	Accelerated institutional allocation (5%+), major sovereign wealth fund adoption, and the approval of complex, leveraged ETH-based derivatives.

Looking towards the long term, we believe Ethereum has the potential to capture a significant share of the global financial system. As the base layer for a \$200 trillion tokenized economy, a 10-20% market capture is a realistic projection. This leads to a 2035 price range of \$40,000 to \$80,000 per ETH, cementing its status as one of the most important assets of the 21st century.

7. Conclusion: A Generational Opportunity

Ethereum has matured from a promising technology into the foundational infrastructure of a new global financial system. The evidence is clear and overwhelming: Ethereum is the chosen platform for stablecoin settlement, institutional investment, real-world asset tokenization, and decentralized finance. Its unique combination of a secure, decentralized base layer, a vibrant and innovative ecosystem, and a yield-bearing, deflationary native asset creates a powerful and self-reinforcing cycle of value creation.

The market has not yet fully appreciated the magnitude of the structural supply and demand shifts currently underway. As trillions of dollars in assets are tokenized and institutional capital continues to flood into the ecosystem, the demand for ETH—as a transactional asset, a staking instrument, and a reserve currency—is set to explode. This is happening against the backdrop of a shrinking available supply, creating the conditions for a significant price re-rating.

We are confident that Ethereum represents a generational investment opportunity. It is not merely a cryptocurrency; it is the bedrock of a more open, efficient, and equitable financial future. We initiate our coverage with a strong **BUY** rating, a **12-month price target of \$8,500**, and a long-term conviction that ETH will become one of the most important and valuable assets in the world.

