



## Investment Thesis

# Cardano

# ADA

Token type	Native Currency
Price	\$0.61
GCCS Classification	Smart-Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

### Key Figures

52-Week Range	\$0.24 - \$0.77
Market Rank	#11
Market Capitalization	\$21.28B
Volume (24h)	\$304.63M
Circulating Supply	35,283,502,633
Max. Supply	45,000,000,000
Staking Yield (Annualized)	3.05%
ATH	\$3.09
ATH Date	September 2, 2021
Down from ATH	-80.3%

Source: CoinGecko, DeFi Llama, Token Terminal, Staking Rewards. Data as of April 8, 2024

### Overview

Cardano is a **Smart Contract Platform** aiming to back its technology with **peer-reviewed academic research**. It was created in 2017 by **Charles Hoskinson**, one of the co-founders of Ethereum. Powered by a custom **Proof-of-Stake (PoS)** consensus protocol dubbed '**Ouroboros**', Cardano's roadmap consists of five stages, of which the third is underway. The current stage brings smart contracts and native token issuance to the blockchain, allowing developers to build decentralized applications (dApps). Although Cardano has been criticized for moving too slowly, the rationale for its measured pace is that the entire blockchain is backed by peer-reviewed technology and **formally verified to maximize security**. For instance, **Plutus** - the language developed to write smart contracts on Cardano - is based on Haskell, commonly used in the banking and defense sectors. However, the flip side is that Haskell is a notoriously challenging language to learn, which may alienate developers. In terms of adoption, Cardano has a **significant user base in Japan and parts of Africa** and is very interested in growing into the nation-state blockchain adoption narrative with numerous projects underway with some governments and nations (such as **Ethiopia**).

### Key takeaways

- Cardano is a **smart contract platform** built on peer-reviewed research
- It is currently in the **third phase of a 5-phase roadmap**. The current stage releases smart contract functionality in the network.
- Despite being launched in 2017, Cardano is still in its **early stages**. **Total Value Locked (TVL)**, a common crypto-native metric, started to grow in 2022, and dApp performance in this critical stage will be pivotal.

### Risk factors

- **Adoption risk:** Due to its peer-based approach, Cardano has **shipped key features more slowly than its competitors**. For instance, alternative smart contract platforms like Solana and Avalanche have beaten Cardano to general usage and adoption despite launching much later.
- **Regulatory risk:** Cardano is **dependent on governmental adoption** to a certain extent, but this puts it at the risk of regulatory adventurism. Adverse regulatory response can hurt Cardano's prospects in the governmental adoption narrative, which is important to its success.

**Figure 1:**  
**Price Performance**



**Figure 2:**  
**Total Value Locked (TVL)**



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