



Investment Thesis

Fantom

FTM

Basic Information

Token type	Native Currency
Price	\$0.60
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$0.25 - \$1.13
All-Time High	\$3.46
All-Time High Date	28 October 2021
Down From All-Time High	82.66%
Market Capitalization	\$2.22B
Volume (24H)	\$245.85M
Circulating Supply	2.80B FTM
Max Supply	3.175B FTM
Total Value Locked (TVL)	\$125.77M
Annualized Staking Yield	5.77%

Source: CoinGecko, DeFiLlama, Artemis
Data as of November 4, 2024

Overview

Fantom is a smart contract platform engineered to address the blockchain trilemma—balancing decentralization, security, and scalability. Its Lachesis consensus algorithm uses Directed Acyclic Graph (DAG) technology, enabling nodes to process transactions in parallel, bypassing the linear constraints of traditional blockchains. This innovation allows Fantom to achieve near-instantaneous transaction speeds. Its **application development layer, Opera**, provides infrastructure for decentralized applications (dApps) to act as independent Layer 2 solutions, significantly enhancing scalability.

Fantom's compatibility with the Ethereum Virtual Machine (EVM) simplifies developer migration from Ethereum, enabling seamless integration with popular tools like Metamask. Despite hosting **125 million in Total Value Locked (TVL)**, Fantom has faced challenges in attracting developers, counting only 38. To address this, the Fantom Foundation introduced initiatives to lower entry barriers for developers.

In August 2024, Fantom announced its migration to Sonic, a new blockchain architecture designed to supercharge network performance. Sonic will introduce advancements such as higher transaction throughput, faster finality, and improved developer incentives, including a gas monetization program that redistributes fees to applications. This marks a pivotal step in Fantom's evolution, aiming to rejuvenate its ecosystem and attract broader adoption.

- **2018:** Fantom was co-founded by Ahn Byung Ik, Michael Kong, and Andre Cronje, with the FTM token issued in June.
- **December 2019:** Fantom launched its Opera Mainnet, compatible with the Ethereum Virtual Machine (EVM).
- **September 2021:** Fantom announced a collaboration with Tajikistan on a potential CBDC built on its platform.
- **January 2023:** Fantom introduced the Ecosystem Vault, a decentralized funding system allocating 10% of transaction fees to finance new projects.
- **August 2024:** Fantom unveiled plans for its migration to Sonic, marking a pivotal upgrade with enhanced performance, scalability, and rebranding of FTM to S.

Key takeaways

- Fantom addresses the blockchain trilemma—scalability, security, and decentralization—using its Lachesis consensus mechanism and DAG technology, enabling near-instantaneous transactions.
- Fantom is supported by initiatives like the Ecosystem Vault, which allocates 10% of transaction fees to fund new projects.
- The upcoming migration to Sonic will introduce features like 2,000 TPS, sub-700 ms transaction finality, and gas monetization incentives, positioning Fantom for broader adoption and developer engagement.

Risk factors

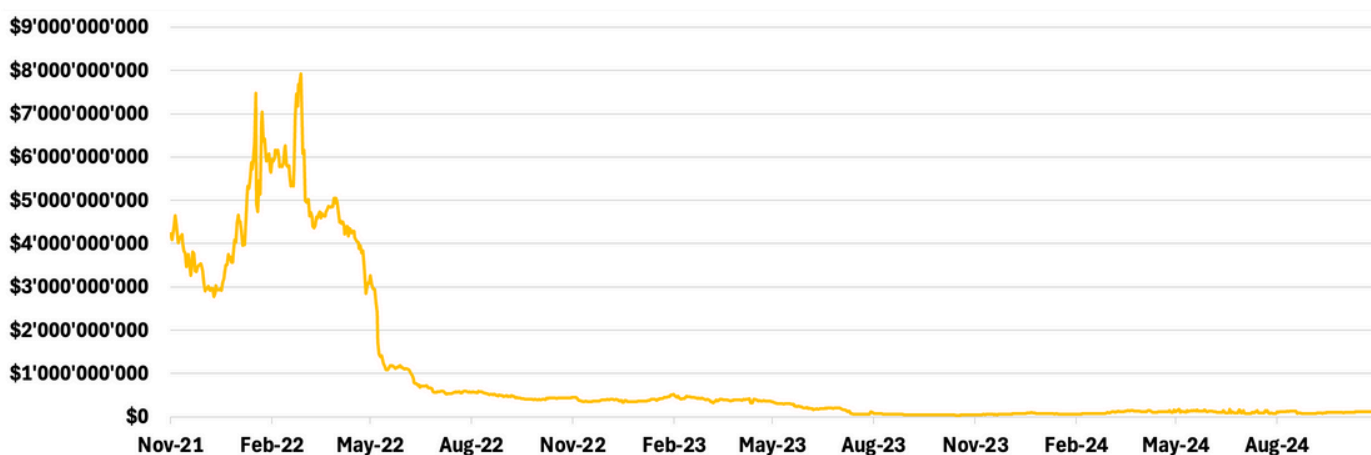
- **Developer Traction Risk:** Fantom's limited developer base poses challenges to fostering a vibrant ecosystem and could stifle innovation.
- **Centralization Risk:** Fantom's validator count raises concerns over network centralization and resilience.
- **Adoption Risk:** Fantom's daily active users trail significantly competition, indicating a struggle in scaling user adoption and ecosystem growth.

Price Performance



Source: CoinGecko. Data from November 5, 2020 - November 4, 2024

Total Value Locked



Source: DeFiLlama. Data from November 5, 2021 - November 4, 2024

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