



Investment Thesis

Avalanche

AVAX

Token type	Cryptocurrency
Price	\$49.12
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Key Figures

52-Week Range	\$8.78 - \$60.39
Market Rank	#12
Market Capitalization	\$18.52B
Volume (24h)	\$373.49M
Circulating Supply	377.91M
Total Value Locked (TVL)	\$1.18B
Annualized Protocol Revenue	\$39.74M
ATH	\$146.11
ATH Date	November 21, 2021
Down from ATH	-66.4%

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

Overview

Avalanche is a Smart Contract Platform with interoperability features via its '**subnet**' **capability**. It is currently the fourth-largest blockchain by Total Value Locked (TVL) across decentralized finance (DeFi) applications and the seventh by market capitalization. Avalanche is built with **three different chains to optimize performance and enable cross-chain interoperability**. The Contract Chain (**C-Chain**) is an 'Ethereum-compatible' blockchain, which means most dApps designed for Ethereum can deploy on Avalanche with slight modification. As a result, Avalanche has been one of the greatest beneficiaries of the high fees and congestion on the Ethereum network, prompting many blue-chip DeFi dApps from Ethereum to launch on the Avalanche C-Chain. Besides the C-Chain, dApps can also launch as **Application-Specific blockchains** by becoming subnets of Avalanche and attracting validators to secure their chains. There has been a recent trend in which dApps from Layer 1 blockchains have relaunched as Application-Specific blockchains on Layer 0 solutions such as Cosmos, and Avalanche may soon become a target platform for such dApps. Avalanche's native token — AVAX — secures the network, pays for fees, and provides the basic unit of account between the multiple subnets.

- In May 2018, Team Rocket, a pseudonymous group of developers, published an article detailing the basis of the Avalanche protocol.
- A few months later, **Emin Gün Sirer** founded **Ava Labs** to develop and launch the Avalanche blockchain.
- In June 2020, Gün Sirer and fellow researchers from **Cornell University** published the white paper.
- In September 2020, Ava Labs launched Avalanche mainnet.
- In March 2022, the Avalanche Foundation launched a **\$290 million** incentive program to accelerate the growth of its subnet functionality.

Key takeaways

- Avalanche is a smart contract platform with a built-in Ethereum-compatible chain (C-Chain) and interoperability features via its 'subnet' functionality.
- Several TradFi players like **T. Rowe Price Associates**, **WisdomTree**, **Wellington Management**, **Cumberland** are all experimenting with **Avalanche Evergreen subnets** technology, which launched in 2023, helping them to pilot several tokenization initiatives.
- Avalanche is the tenth-largest blockchain by TVL.

Risk factors

- As of December 2021, Avalanche had around 280 monthly active developers, while competing blockchains such as Solana and Cosmos had about 1,000. Although it's a younger project, **Avalanche will need to attract more talent to continue expanding its ecosystem**.
- **Adoption risk**. As a beneficiary of Ethereum's scaling issues, Avalanche is vulnerable to advances in Layer 2 solutions, which may reduce fees and increase throughput beyond Avalanche's capabilities.

Figure 1:
Price Performance



Figure 2:
Total Value Locked (TVL)



Disclaimer

This document is not an offer to sell or a solicitation of an offer to buy or subscribe for securities of 21Shares AG. Neither this document nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. This document and the information contained herein are not for distribution in or into (directly or indirectly) the United States, Canada, Australia or Japan or any other jurisdiction in which the distribution or release would be unlawful. This document does not constitute an offer of securities for sale in or into the United States, Canada, Australia or Japan. The securities of 21Shares AG to which these materials relate have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will not be a public offering of securities in the United States. This document is only being distributed to and is only directed at: (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"); or (iv) persons who fall within Article 43(2) of the Order, including existing members and creditors of the Company or (v) any other persons to whom this document can be lawfully distributed in circumstances where section 21(1) of the FSMA does not apply. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. In any EEA Member State (other than the Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden) that has implemented the Prospectus Regulation (EU) 2017/1129, together with any applicable implementing measures in any Member State, the "Prospectus Regulation") this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation. Exclusively for potential investors in Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden the 2021 Base Prospectus (EU) is made available on the Issuer's website under www.21Shares.com. The approval of the 2021 Base Prospectus (EU) should not be understood as an endorsement by the SFSA of the securities offered or admitted to trading on a regulated market. Eligible potential investors should read the 2021 Base Prospectus (EU) and the relevant Final Terms before making an investment decision in order to understand the potential risks associated with the decision to invest in the securities. You are about to purchase a product that is not simple and may be difficult to understand. This document constitutes advertisement within the meaning of the Swiss Financial Services Act (the "FinSA") and not a prospectus. In accordance with article 109 of the Swiss Financial Services Ordinance, the Base Prospectus dated 12 November 2021, as supplemented from time to time and the final terms for any product issued have been prepared in compliance with articles 652a and 1156 of the Swiss Code of Obligations, as such articles were in effect immediately prior to the entry into effect of the FinSA, and the Listing Rules of the SIX Swiss Exchange in their version in force as of January 1, 2020. Consequently, the Prospectus has not been and will not be reviewed or approved by a Swiss review body pursuant to article 51 of the FinSA, and does not comply with the disclosure requirements applicable to a prospectus approved by such a review body under the FinSA.