

## Investment Thesis Avalanche AVAX

Token type	Cryptocurrency
Price	\$49.12
GCCS Classifcation	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 'Ethereumcompatible' 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.

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8 April 2024

- 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.

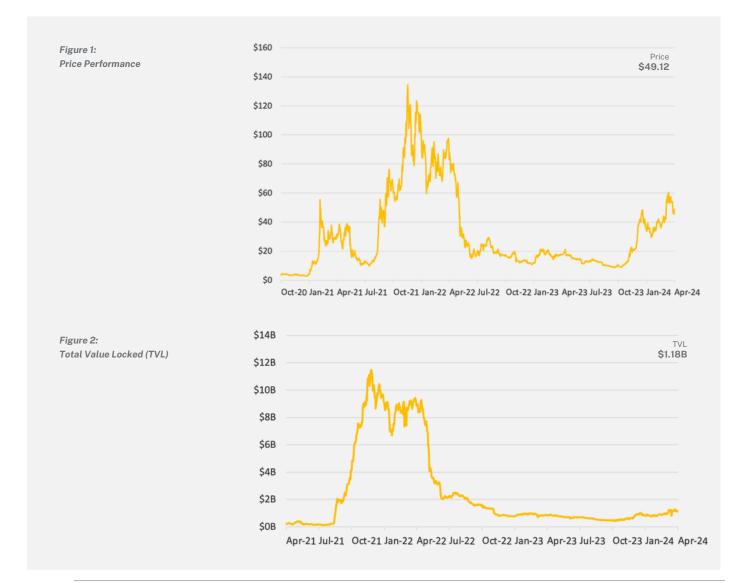
#### Key takeaways

- Avalanche is a smart contract platform with a built-in Ethereumcompatible 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.

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