



Investment Thesis

Solana SOL

Basic Information

Token type	Native Currency
Price	\$257.07
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Source: CoinGecko, Data as of January 25, 2025

Key Metrics

Price Range (1Y)	\$86.98 - \$293.31
All-Time High	\$293.31
All-Time High Date	19 January 2025
Down From All-Time High	12.35%
Market Capitalization	\$123.36B
Trading Volume (24H)	\$8.59B
Circulating Supply	486.6M SOL
Total Value Locked (TVL)	\$11.80B
Annualized Staking Yield	6.65%
Annualized Protocol Revenue	\$1.33B

Source: CoinGecko, DeFiLlama, Token Terminal
Data as of January 25, 2025

Overview

Solana is a high-performance smart contract platform designed to maximize scalability and speed. Introduced by Anatoly Yakovenko in 2017, it employs a unique Proof-of-Stake (PoS) mechanism combined with the innovative Proof-of-History (PoH) consensus. PoH timestamps transactions via a recursive verifiable delay function, enabling each node to maintain an "internal clock." This synchronization eliminates the need for nodes to constantly communicate, significantly enhancing throughput and reducing latency. Solana leverages cutting-edge hardware like GPUs, SSDs, and high bandwidth to achieve theoretical speeds of up to 65,000 transactions per second (TPS).

Solana's native token SOL serves a dual purpose: securing the network via staking and facilitating transactions through fees. Its ecosystem has grown rapidly, with more than 3,000 monthly active developers. Solana also plays a significant role in decentralized finance (DeFi) with \$11.8 billion in total value locked (TVL) as of January 2025, alongside a thriving NFT marketplace. **Recent developments signal Solana's expansion into traditional finance.** At Breakpoint 2024, notable announcements included **Franklin Templeton's** deployment of a tokenized U.S. Government Money Fund and **Citibank's** exploration of tokenized deposits. A critical technological enhancement is the **Firedancer Validator Client, designed to address network resilience.** Demonstrating over 1 million TPS on testnet, Firedancer aims to reduce network outages, enhance throughput, and diversify the validator ecosystem, strengthening Solana's infrastructure for institutional applications.

- **October 2017:** Solana Labs founded by Yakovenko and former Qualcomm colleagues.
- **March 2020:** Solana launched on Mainnet Beta after raising \$1.76 million via CoinList.
- **April 2023:** Release of Saga, an Android phone leveraging the Solana Mobile Stack.
- **September 2023:** Solana Pay integrated with Shopify; Visa expanded its USDC pilot to Solana for cross-border settlements.
- **November 2024:** Breakpoint conference highlighted Franklin Templeton, Citibank, and Société Générale exploring tokenization on Solana.

Key Takeaways

- Solana's Proof-of-History enables **unmatched transaction throughput** by synchronizing network nodes without constant communication.
- **Institutional players like Franklin Templeton and Citibank are adopting Solana**, underlining its potential to bridge crypto and traditional finance.
- The **Firedancer Validator Client could boost Solana's performance to over 1 million TPS**, while reducing outages and diversifying its technological base.
- With **over 3,000 monthly active developers**, Solana is charting growth akin to Ethereum, supported by a robust DeFi and NFT ecosystem.

Risk Factors

- **Centralization Risk:** Solana's reliance on high-performance hardware may lead to validator centralization, concentrating control in fewer hands.
- **Technology Risk:** Frequent network outages have raised questions about Solana's reliability for institutional use. While Firedancer could mitigate these issues, its full deployment remains pending.
- **Competitive Risk:** Despite progress, competing blockchains like Ethereum and Avalanche also target tokenization and TradFi, posing challenges to Solana's dominance in the sector.

Price Performance



Source: CoinGecko. Data from January 28, 2021 - January 27, 2025

Total Value Locked



Source: Artemis. Data from January 28, 2023 - January 27, 2025

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